

In the opinion of Aleshire & Wynder, LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

**\$16,515,000
Successor Agency to the
Redevelopment Agency of the City of Rialto
Tax Allocation Revenue Refunding Bonds
(Merged Project Area) 2014 Series A**

Dated: Delivery Date

Due: September 1, as shown on the inside cover

The \$16,515,000 Successor Agency to the Redevelopment Agency of the City of Rialto Tax Allocation Revenue Refunding Bonds (Merged Project Area) 2014 Series A (the “Bonds”), are being issued by the Successor Agency to the Redevelopment Agency of the City of Rialto (the “Successor Agency”). The Bonds are being issued to (i) refund all of the Redevelopment Agency of the City of Rialto Tax Allocation Refunding Bonds (Merged Project Area), 2003 Series A, currently outstanding in the aggregate principal amount of \$20,745,000, (ii) acquire a reserve insurance policy for the Bonds, and (iii) pay the costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF REFUNDING” herein.

The Bonds will be issued under an Indenture of Trust, dated as of September 1, 2014 (the “Indenture”), by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the “Trustee”). Interest on the Bonds will be due March 1 and September 1 of each year, commencing March 1, 2015. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. See “THE BONDS - Book-Entry System” herein.

The scheduled payment of principal of and interest on the Bonds maturing on September 1 of the years 2022 through 2027, inclusive (collectively, the “Insured Bonds”), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the issuance of the Insured Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. See “BOND INSURANCE” herein.



The Bonds are subject to optional redemption prior to maturity as described herein. See “THE BONDS - Redemption” herein.

The Bonds are special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the pledged Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and the Successor Agency is not obligated to pay them except from the Tax Revenues and amounts held in the Special Fund and the Redemption Fund. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and such amounts constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City of Rialto (the “City”), the State of California or any of its political subdivisions (other than the Successor Agency), and neither said City, said State nor any of its political subdivisions (other than the Successor Agency) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than pledged Tax Revenues of the Successor Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance. The Bonds are issued on a parity with certain other outstanding bonds disclosed herein.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds. Capitalized terms used and not defined on this cover page are defined herein or in the Indenture.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Aleshire & Wynder LLP, as Bond Counsel. Certain legal matters will be passed on for the Successor Agency by Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright, Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Jones Hall, A Professional Law Corporation, Underwriter’s Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about September 17, 2014.

STIFEL

MATURITY SCHEDULE

\$16,515,000
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIALTO
TAX ALLOCATION REVENUE REFUNDING BONDS
(MERGED PROJECT AREA) 2014 SERIES A

Uninsured Bonds

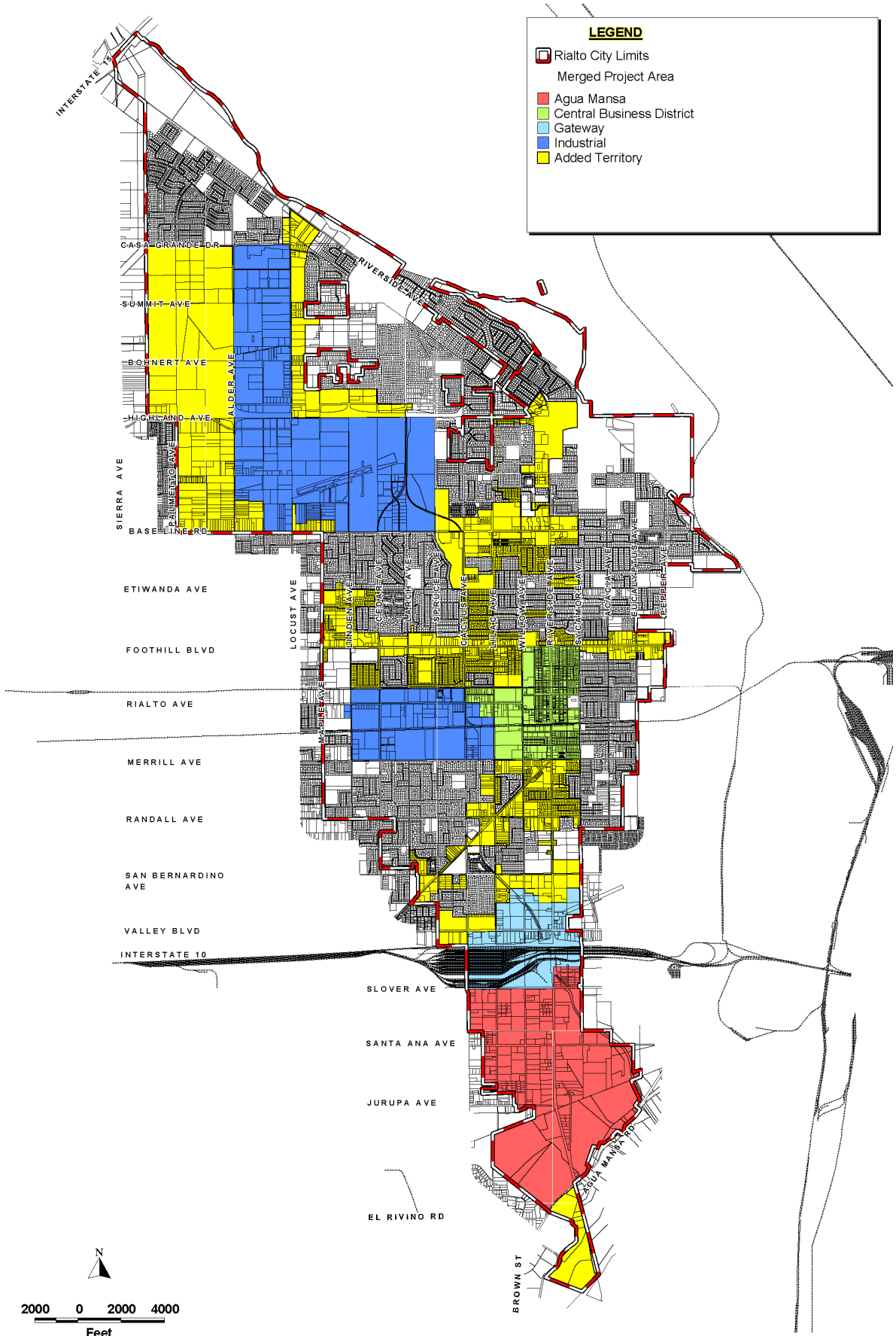
<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>(Base 76246P)</u>
2015	\$ 985,000	3.00%	0.24%	102.632	AA6
2016	985,000	4.00	0.55	106.701	AB4
2017	1,020,000	4.00	0.85	109.174	AC2
2018	1,065,000	5.00	1.06	115.222	AD0
2019	1,120,000	5.00	1.41	117.124	AE8
2020	1,180,000	5.00	1.75	118.304	AF5
2021	1,240,000	5.00	2.04	119.102	AG3

Insured Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>(Base 76246P)</u>
2022	\$1,300,000	5.00%	2.31%	119.445	AH1
2023	1,375,000	5.00	2.56	119.416	AJ7
2024	1,445,000	5.00	2.71	119.863	AK4
2025	1,530,000	4.00	2.98	108.729 ⁽¹⁾	AL2
2026	1,595,000	5.00	3.03	116.820 ⁽¹⁾	AM0
2027	1,675,000	5.00	3.14	115.795 ⁽¹⁾	AN8

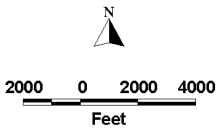
[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of investors. None of the Successor Agency, the Underwriter, the Fiscal Consultant or the Financial Advisor, are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

¹ Priced to the optional par call date of September 1, 2024.



LEGEND

- Rialto City Limits
- Merged Project Area
- Agua Mansa
- Central Business District
- Gateway
- Industrial
- Added Territory



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**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIALTO**

BOARD OF DIRECTORS

Deborah Robertson, *Mayor*
Edward Palmer, *Mayor Pro Tem*
Joe Baca Jr., *Member*
Shawn O'Connell, *Member*
Lynn Hirtz, *Member*

CITY AND SUCCESSOR AGENCY STAFF

Mike Story, *City Administrator*
George Harris, *Director of Administrative and Community Services*
Edward J. Carrillo, *Treasurer*
Barbara A. McGee, *Clerk*

SPECIAL SERVICES

Financial Advisor
Fieldman, Rolapp & Associates
Irvine, California

Bond Counsel
Aleshire & Wynder LLP
Irvine, California

Fiscal Consultant
HdL Coren & Cone
Diamond Bar, California

Disclosure Counsel
Fulbright & Jaworski LLP
(a Member of Norton Rose Fulbright)
Los Angeles, California

Trustee
MUFG Union Bank, N.A.
Los Angeles, California

Verification Agent
Grant Thornton LLP

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information set forth herein has been obtained from the Successor Agency and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the Successor Agency or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Successor Agency or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency or in any other information contained herein, since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX J - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ABOVE, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (“EMMA”) website.

The City of Rialto maintains a website with information pertaining to the Successor Agency. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

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OFFICIAL STATEMENT

\$16,515,000
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIALTO
Tax Allocation Revenue Refunding Bonds (Merged Project Area) 2014 Series A

INTRODUCTION

This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained in the entire Official Statement. A full review should be made of the entire Official Statement, including the cover page and attached appendices. The offering of Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined herein can be found in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The Bonds and Authority for Issuance

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale by the Successor Agency to the Redevelopment Agency of the City of Rialto (the “Successor Agency”) of its \$16,515,000 Tax Allocation Revenue Refunding Bonds (Merged Project Area) 2014 Series A (the “Bonds”). The Bonds are being issued pursuant to the Constitution and laws of the State of California (the “State”), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Bond Law”), the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “Redevelopment Law”), and Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code (the “Dissolution Act”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2014 (the “Indenture”), by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

Purpose and Application of Proceeds

The Bonds are being issued to (i) refund all of the Redevelopment Agency of the City of Rialto Tax Allocation Refunding Bonds (Merged Project Area) 2003 Series A (the “Refunded Bonds”), currently outstanding in the aggregate principal amount of \$20,745,000, (ii) acquire a reserve insurance policy for the Bonds, and (iii) pay the costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF REFUNDING.”

Outstanding Bonds

In addition to the Refunded Bonds, the Redevelopment Agency of the City of Rialto (the “Predecessor Agency”) issued its \$25,320,000 Tax Allocation Bonds (Merged Project Area) 2005 Series A, (the “2005A Bonds”), currently outstanding in the aggregate principal amount of \$24,080,000, its \$11,285,000 Tax Allocation Housing Set-Aside Bonds (Merged Project Area) 2005 Series B (Taxable), (the “2005B Bonds”), currently outstanding in the aggregate principal amount of \$9,355,000, its \$19,870,000 Tax Allocation Bonds (Merged Project Area) 2005 Series C, (the “2005C Bonds”) currently outstanding in the aggregate principal amount of \$17,090,000, its \$42,185,000 Tax Allocation Bonds

(Merged Project Area) 2008 Series A, (the “2008A Bonds”) currently outstanding in the aggregate principal amount of \$37,635,000, its \$29,600,000 Tax Allocation Housing Set-Aside Bonds (Merged Project Area) 2008 Series B (Taxable), (the “2008B Bonds”) currently outstanding in the aggregate principal amount of \$26,670,000, and its \$21,965,000 Tax Allocation Bonds (Merged Project Area) 2008 Series C, (the “2008C Bonds”) currently outstanding in the aggregate principal amount of \$20,335,000. The 2005A Bonds, the 2005C Bonds, the 2008A Bonds and the 2008C Bonds are collectively herein after referred to as the “Non-Housing Parity Bonds.” The 2005B Bonds and the 2008B Bonds are collectively herein after referred to as the “Housing Parity Bonds.” The Non-Housing Parity Bonds and the Housing Parity Bonds are payable from certain tax revenues of the Merged Project Area. The Non-Housing Parity Bonds are payable on a parity with the Bonds. The Successor Agency has covenanted in the Indenture to not issue any bonds on parity with the Bonds or the Non-Housing Bonds, except for refunding purposes. See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The City, the Predecessor Agency and the Successor Agency

The City of Rialto, California (the “City”) is located in the western portion of the County of San Bernardino (the “County”), approximately 60 miles east of the City of Los Angeles and just west of the City of San Bernardino. The City was incorporated in 1911, and is organized as a general law city with a Council-Administrator form of government. The City is approximately four miles wide and eight and one-half miles long. The City is served by Interstate Freeways 210, 215, 10 and 15. See APPENDIX G – “SUPPLEMENTAL INFORMATION – City of Rialto.”

The Predecessor Agency was established pursuant to the Redevelopment Law. In 1977, the City Council of the City (the “City Council”) adopted Ordinance No. 733, which activated the Predecessor Agency. On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies, including the Predecessor Agency. The provisions of AB X1 27 permitted redevelopment agencies to avoid dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State of California (the “State”), as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the “Dissolution Act”).

On September 27, 2011, pursuant to Resolution No. 6057 and Section 34173 of the Dissolution Act, the City elected to serve as successor agency (the “Successor Agency”) to the Predecessor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City.

The Merged Project Area

The Merged Project Area was formed by the adoption of Ordinance No. 1333 on July 2, 2002, which merged the four existing project areas of the City and added additional territory (the “Added Territory”) to the Merged Project Area. The Merged Project Area merged the four project areas of the Predecessor Agency: the Industrial Project Area, the Gateway Project Area, the Agua Mansa Project Area and the Central Business District Project Area. See “THE MERGED PROJECT AREA.”

Security and Sources of Payment for the Bonds

General. The Dissolution Act requires the San Bernardino County Auditor-Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Predecessor Agency had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the “Redevelopment Property Tax Trust Fund” or “RPTTF”).

The Dissolution Act authorizes the issuance of refunding bonds, including the Bonds, to be secured by a pledge of, and lien on, pledged Tax Revenues created by the Indenture. The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law. Monies deposited into the Redevelopment Property Tax Trust Fund include funds formerly required to be deposited into the Predecessor Agency’s low and moderate housing fund. Section 33177.5(g) of the Dissolution Act provides that the Bonds shall also “be secured by a pledge of, and lien on, and shall be repaid from monies deposited from time to time in the Redevelopment Property Tax Trust Fund.”

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same lien priority and legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedule. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule.”

Taxes levied on the property within the Merged Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Merged Project Area, to the extent they constitute pledged Tax Revenues, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule.” Monies deposited by the County Auditor-Controller into the Successor Agency’s Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the Trustee for deposit in the Special Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

Tax Revenues. “Tax Revenues” means all of the Gross Tax Revenues remaining after (i) provision has been made for the payment of the Housing Set-Aside, (ii) payment, or provision for the payment, of amounts required to be paid pursuant to the Pass-Through Agreements (including payments under the School District Pass-Through Agreement as modified by the School District Cooperative Agreement), (iii) payment, or provision for the payment made to the County of San Bernardino of the SB 2557 Fee and the County Collection Fee, (iv) payment or provision for the payment of amounts reserved to taxing entities under Section 33607.5 or 33607.7 of the Redevelopment Law (including such payments to the School District made pursuant to the School District Cooperative Agreement), or any other payments under other provisions of the Redevelopment Law that have not been subordinated to debt service payments on the Bonds. “Gross Tax Revenues” means taxes for each Bond Year (including all payments and reimbursements, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Successor Agency pursuant to the Redevelopment Law as provided in the Redevelopment Plan.

Tax Revenues additionally includes monies deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in (a) paragraph (2) of subdivision (a) of Section 34183 of the Law, and (b) paragraph (1) of subdivision (a) of 34183 of the Law, excluding amounts that have not been subordinated to debt service payments on the Bonds pursuant to Section 34177.5(c). If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution and as limited or otherwise provided for in the Indenture.

Pursuant to the Law, tax revenues are no longer required to be deposited in the Housing Fund previously established pursuant to Section 33334.3 of the Redevelopment Law (the “Prior Housing Deposit”). Accordingly, Tax Revenues shall be reduced by the amount not greater than the portion of the Prior Housing Deposit required to pay Housing Obligations. “Housing Obligations” mean all moneys required pursuant to the Housing Indentures, or such similar provision of any document for annual debt service on Housing Bonds. “Housing Bonds” means the (i) 2005 Series B Bonds, (ii) the 2008 Series B Bonds, and (iii) any bonds issued to refund such 2005 Series B Bonds, 2008 Series B Bonds, or other refunding bonds thereof, similarly secured by amounts which, prior to the adoption of the Law, were required to be deposited into the redevelopment agency’s low and moderate income housing fund pursuant to Sections 33334.2, 33334.3, and 33334.6 of the Redevelopment Law.

The Redevelopment Law authorizes redevelopment agencies to enter into pass-through agreements or tax sharing agreements. The Predecessor Agency entered into a number of pass-through agreements with respect to tax revenues relating to the Merged Project Area. Such pass-through agreements may affect the ability of the Successor Agency to make payments on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pass-Through Agreements.”

Section 34177.5(c) of the Redevelopment Law establishes procedures whereby the Successor Agency may make Statutory Pass-Through Payments subordinate to the payment of debt service on the Bonds. **The Successor Agency has satisfied the requirements of the Dissolution Act such that all Statutory Pass-Through Payments are subordinate to the payment of debt service on the Bonds.**

Special Obligations. The Bonds are special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the pledged Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and the Successor Agency is not obligated to pay them except from the Tax Revenues and amounts held in the Special Fund and the Redemption Fund. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and such amounts constitute a trust fund for the

security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City, the State or any of its political subdivisions (other than the Successor Agency), and neither said City, said State nor any of its political subdivisions (other than the Successor Agency) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Successor Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Reserve Account

To secure the payment of the principal of and interest on the Bonds, a Reserve Account for the Bonds is established in the Indenture, in an amount equal to the initial Reserve Requirement. At closing, the Successor Agency will deposit into the Reserve Account the Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) to be issued by the Bond Insurer to satisfy the Reserve Requirement. “Reserve Requirement” means, in respect of any Bond Year as computed by the Successor Agency, the least of (i) 10% of the original proceeds (within the meaning of section 148 of the Code) of the Bonds as of the Closing Date, (ii) 125% of the average Annual Debt Service as of the Closing Date, or (iii) the Maximum Annual Debt Service.

Further Information

Descriptions of the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Successor Agency, the Predecessor Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Predecessor Agency, the Successor Agency and the City are qualified in their entirety by reference to such documents and laws. References herein to the Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Successor Agency.

During the period of the offering of the Bonds, copies of the forms of all documents are available at the offices of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) at One Montgomery Street, 35th Floor, San Francisco, California 94104, and thereafter from the City Clerk’s office, City of Rialto, 141 South Riverside Avenue, Rialto, California 92376.

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PLAN OF REFUNDING

Proceeds of the Bonds, together with other available funds, will be deposited into an escrow fund with MUFG Union Bank, N.A., as escrow agent (the “Escrow Bank”), and used for the purpose of refunding all of the outstanding Refunded Bonds on October 6, 2014 (the “Redemption Date”). Amounts so deposited will be deposited in an Escrow Fund held by the Escrow Bank as provided in the Escrow Deposit Agreement, dated as of September 1, 2014, by and between the Successor Agency and the Escrow Bank. The Refunded Bonds were issued pursuant to an Indenture of Trust, dated as of April 1, 2003 (the “Prior Indenture”) by and between the Predecessor Agency and Union Bank of California, N.A. As a result of the deposit and application of funds, the Refunded Bonds will be refunded and all obligations under the Prior Indenture of the Successor Agency will thereupon cease, terminate and become void and be discharged and satisfied. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Grant Thornton LLP (the “Verification Agent”), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it, relating to the sufficiency of moneys deposited into the Escrow Fund to pay the principal, interest and redemption premium of the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL ACCURACY.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized as follows.

Sources:	
Principal Amount of Bonds	\$16,515,000.00
Premium	2,465,434.25
Refunded Bonds Available Funds	<u>2,247,218.94</u>
Total Sources	\$21,227,653.19
Uses:	
Escrow Fund	\$20,805,498.96
Costs of Issuance Fund ⁽¹⁾	<u>422,154.23</u>
Total Uses	\$21,227,653.19

⁽¹⁾ Includes Underwriter’s discount, fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Verification Agent, Trustee, printing expenses, rating fee, bond insurance premium, Reserve Policy premium, and other costs related to the issuance of the Bonds.

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DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Bonds and the Non-Housing Parity Bonds through the final maturity of the Bonds.

September 1	Bonds			Non-Housing Parity Bonds Principal and Interest	Bonds and Non- Housing Parity Bonds Total
	Principal	Interest	Total		
2015	\$985,000.00	\$ 736,446.67	\$1,721,446.67	\$7,220,646.26	\$8,942,092.93
2016	985,000.00	741,150.00	1,726,150.00	7,215,791.26	8,941,941.26
2017	1,020,000.00	701,750.00	1,721,750.00	7,220,066.26	8,941,816.26
2018	1,065,000.00	660,950.00	1,725,950.00	7,213,663.76	8,939,613.76
2019	1,120,000.00	607,700.00	1,727,700.00	7,216,173.76	8,943,873.76
2020	1,180,000.00	551,700.00	1,731,700.00	7,207,733.76	8,939,433.76
2021	1,240,000.00	492,700.00	1,732,700.00	7,211,758.76	8,944,458.76
2022	1,300,000.00	430,700.00	1,730,700.00	7,208,333.76	8,939,033.76
2023	1,375,000.00	365,700.00	1,740,700.00	7,197,433.76	8,938,133.76
2024	1,445,000.00	296,950.00	1,741,950.00	7,194,325.00	8,936,275.00
2025	1,530,000.00	224,700.00	1,754,700.00	7,188,182.50	8,942,882.50
2026	1,595,000.00	163,500.00	1,758,500.00	7,181,985.00	8,940,485.00
2027	<u>1,675,000.00</u>	<u>83,750.00</u>	<u>1,758,750.00</u>	<u>7,177,165.00</u>	<u>8,935,915.00</u>
Total	\$16,515,000.00	\$6,057,696.67	\$22,572,696.67	\$93,653,258.84	\$116,225,955.51

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law, the Bond Law and the Dissolution Act. On May 15, 2014, pursuant to Resolution No. 14-08, the Oversight Board, pursuant to Health and Safety Code Section 34177.5(f), directed the Successor Agency to pursue issuance of bonds to refund the Refunded Bonds. The issuance of the Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No. SA-16 adopted on June 10, 2014 (the "Resolution") and by the Oversight Board pursuant Resolution No. OB 14-09 adopted on June 11, 2014 (the "Oversight Board Resolution"). The preparation and delivery of the Official Statement was authorized by the Successor Agency pursuant to Resolution No. SA-20 adopted on July 8, 2014.

On July 31, 2014, the State Department of Finance provided a letter to the Successor Agency stating that based on the State Department of Finance's review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the State Department of Finance. See APPENDIX F – "STATE DEPARTMENT OF FINANCE APPROVAL LETTER."

Description of the Bonds

The Bonds will be dated the date of their delivery (the “Closing Date”), will be issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof (not exceeding the principal amount of Bonds maturing at any one time) and will mature on September 1 in the years and in the principal amounts and bear interest (on the basis of a 360-day year consisting of twelve months of thirty days each) as set forth on the inside cover hereof.

Interest on such Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2015 (each an “Interest Payment Date”) to and including the maturity or redemption date thereof. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is a day during the period from the sixteenth day of the month next preceding any Interest Payment Date to such Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to February 16, 2015, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Payment of interest on any Bond due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the Bonds registration books kept by the Trustee as the registered owner thereof as of the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed by first class mail on the Interest Payment Date to such registered owner at the address as it appears in such books, or by wire transfer to an account in the United States upon written request delivered to the Trustee no later than the fifteenth (15th) day of the month next preceding such Interest Payment Date of a Holder of at least \$1,000,000 in aggregate principal amount of Bonds.

Book-Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX C – “BOOK-ENTRY SYSTEM.”

Redemption

Optional Redemption of Bonds. The Bonds due on or after September 1, 2025 are subject to optional redemption prior to maturity at the option of the Successor Agency on any date on or after September 1, 2024, as a whole or in part and by lot, from any source of available funds at a redemption price equal to the principal amount thereof to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Partial Redemption of Bonds. If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed by lot. If Outstanding Bonds maturing by their terms on more than one date are to be redeemed at any one time, the Successor Agency shall select the maturities of Bonds to be so redeemed. For purposes of such selection, all Bonds will be deemed to consist of separate \$5,000 portions, and such portions will be treated as separately redeemable Bonds.

Effect of Redemption. If notice of redemption has been duly given as aforesaid and on the redemption date designated in such notice money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the date so designated the Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Notice of Redemption. The Successor Agency is required to give the Trustee written notice of its intention to redeem Bonds at least 60 days prior to the date fixed for such redemption, unless such lesser number of days' notice shall be acceptable to the Trustee, such notice being for the convenience of the Trustee.

Notice of redemption shall be sent by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Each notice of redemption shall state the date of such notice, the redemption price, place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice shall not invalidate any of the proceedings taken in connection with such redemption.

The Successor Agency shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not or will not be available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and neither the lack of available funds nor such cancellation shall constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of notice of redemption. The Trustee shall send notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Limitation on Debt Other Than Refunding Obligations

Under the Indenture, the Successor Agency agrees not to issue Parity Debt, except for Parity Debt constituting Refunding Bonds. The Successor Agency may issue Refunding Bonds on a parity with the Bonds and any Parity Debt if the documents authorizing the Refunding Bonds provide that: (i) interest is payable on March 1 and September 1 in each year of the term of such Refunding Bonds except the first twelve-month period, during which interest may be payable on either March 1 or September 1; (ii) the principal of such Refunding Bonds is payable only on September 1 in any year; and (iii) the final maturity of any Refunding Bonds does not exceed the final maturity of the Bonds being refunded. Annual debt service on the Refunding Bonds must be lower than annual debt service on the Bonds being refunded during every year the refunding bonds will be outstanding.

Under the Indenture, the Successor Agency also agrees not to issue any additional bonds, debt or other obligations secured by the Housing Set-Aside, except for the purpose of refunding all or a portion of the Housing Parity Bonds in accordance with the Redevelopment Law. Nothing contained in the Indenture, however, limits the Successor Agency from incurring any indebtedness secured by the pledged

Tax Revenues and wholly subordinate to the Bonds. See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Predecessor Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedules” and APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions.”

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Merged Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called “taxing agencies”) after the effective date of the ordinance approving the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Merged Project Area, as applicable, are to be divided as follows:

- (a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Merged Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Merged Project Area, as applicable (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and
- (b) To the Predecessor Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied

taxes each year in excess of such amount, annually allocated within the Plan Limit following the Delivery Date, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Predecessor Agency or the Successor Agency to finance or refinance the redevelopment projects of the Predecessor Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM” or “Bond Insurer”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”) for the Bonds maturing on September 1 of the years 2022 through 2027, inclusive, with CUSIP numbers 76246PAH1, 76246PAJ7, 76246PAK4, 76246PAL2, 76246PAM0, and 76246PAN8 (collectively, the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as “APPENDIX J - SPECIMEN MUNICIPAL BOND INSURANCE POLICY” to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of

the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$477.8 million, \$17.9 million and \$459.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations. Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See “THE DISSOLUTION ACT.”

Pledge of Tax Revenues; Special Fund

The Bonds and all Parity Debt will be secured by a first lien on and pledge of all of the Tax Revenues equal to Annual Debt Service on the Bonds and annual debt service required for Parity Debt, as provided in the respective Parity Debt document. The Bonds are also secured by a first lien on and security interest in all moneys in the Special Fund held by the Trustee pursuant to the Indenture and in the funds or accounts so specified and provided for in the Indenture. Under the Indenture a Special Fund is created, which the Trustee covenants and agrees to maintain. The Successor Agency covenants and agrees in the Indenture that Tax Revenues equal to Annual Debt Service on the Bonds for each Bond Year plus the amount, if any, necessary to restore the balance in the Reserve Account to the Reserve Requirement, so long as any Bonds shall be outstanding under the Indenture, when and as received, will be received by the Successor Agency in trust under the Indenture and transferred to the Trustee to be deposited in the Special Fund held hereunder by the Trustee and accounted for through and held in trust in the Special Fund, and the Successor Agency shall have no beneficial right or interest in any of such money, except only as herein provided. All such Tax Revenues, whether received by the Successor Agency in trust or deposited with the Trustee, all as provided in the Indenture, will nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the Successor Agency.

Recognized Obligation Payment Schedules

No fewer than 90 days prior to each January 2 and June 1, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency’s oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the “Recognized Obligation Payment Schedule”) pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the Predecessor Agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts

necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Predecessor Agency, as approved by the Oversight Board).

The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Accordingly, although all of the debt service payments on the Bonds have been approved by the State Department of Finance, such debt service payments must appear on the applicable Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the applicable deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for the subsequent six-month period. The Successor Agency timely submitted to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller its Oversight Board-approved Recognized Obligation Payment Schedule by March 3, 2014, with respect to the Recognized Obligation Payment Schedule for the six-month period of July 1, 2014 through December 31, 2014. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedules."

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Oversight Board, and

the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

The Successor Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Fund, in Recognized Obligation Payment Schedules. Without limiting the generality of the forgoing, the Successor Agency covenants and agrees to not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), prepare and submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule, pursuant to which enforceable obligations of the Successor Agency are listed, including with respect to the Bonds and any outstanding Parity Debt. The Successor Agency shall take all actions necessary or advisable under the Dissolution Act to include on each applicable Recognized Obligation Payment Schedule all payments required under the Indenture. The Recognized Obligation Payment Schedule submitted 90-days prior to each January 2 shall include the full amount of pledged Tax Revenues required to be deposited pursuant to the Indenture. To fulfil the obligation described in the previous sentence, the Successor Agency shall, to the extent necessary, include the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law, that are necessary to provide for the deposits required under the Indenture. See “THE INDENTURE – Covenants of the Agency.”

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of pledged Tax Revenues available in any period to pay the principal of and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “RISK FACTORS.”

Flow of Funds

Taxes levied on property within the Merged Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the Merged Project Area, to the extent they constitute pledged Tax Revenues, will be deposited in the Redevelopment Property Tax Trust Fund. Pledged Tax Revenues are deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act. Monies deposited into the Redevelopment Property Tax Trust Fund include funds formerly required to be deposited into the Predecessor Agency’s low and moderate housing fund. Section 33177.5(g) of the Dissolution Act provides that the Bonds shall also “be secured by a pledge of, and lien on, and shall be repaid from monies deposited from time to time in the Redevelopment Property Tax Trust Fund.” Under the Indenture, the Successor Agency must remit, from time to time, to the Trustee the amount of pledged Tax Revenues deposited in the Special Fund required to pay debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedules.”

All moneys remitted to the Trustee from the Successor Agency will be deposited in the Special Fund created under the Indenture. All moneys in the Special Fund held by the Trustee will be set aside in the following respective special accounts within the Special Fund, in the following order of priority:

- (a) Interest Account;
- (b) Principal Account; and
- (c) Reserve Account.

All money in each of such accounts will be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes and in the priority authorized in the Indenture.

(1) Interest Account. At least five (5) business days prior to each Interest Payment Date, the Trustee will set aside from the Special Fund and deposit in the Interest Account an amount of money that, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds as it shall become due and payable (including accrued interest on any Outstanding Bonds purchased or redeemed prior to maturity).

(2) Principal Account. At least five (5) business days prior to September 1 of each year, commencing five (5) business days prior to September 1, 2015 the Trustee will set aside from the Special Fund and deposit in the Principal Account an amount of money that, together with any money contained therein, is equal to the aggregate amount of the principal of all Outstanding Bonds becoming due and payable on the next succeeding principal payment date. If there shall be insufficient money in the Special Fund to make in full all such principal payments required to be made pursuant to the Indenture at any one time, then the available money shall be applied pro rata to the making of such principal payments in the proportion which all such principal payments bear to each other.

No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the payment of principal of all Outstanding Bonds to be paid on the next succeeding principal payment date.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Bonds as it shall become due and payable.

(3) Reserve Account. On or before September 1 of each year, commencing September 1, 2015, the Trustee will set aside from the Special Fund and deposit in the Reserve Account the amount of money, if any, that is necessary to restore the balance in the Reserve Account to the full amount of the Reserve Requirement based upon the market value of the cash and securities held in the Reserve Account on or before such September 1. No deposit need be made in the Reserve Account so long as there shall be on deposit therein a value not less than the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account and the Principal Account, in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums and price upon mandatory redemption, if any, on the Bonds in the event that no other money of the Successor Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding. For so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the amount required by this paragraph to be on deposit therein shall, unless otherwise directed in a Written Request of the Successor Agency, be withdrawn from the Reserve Account by the Trustee and transferred to the Special Fund on or before March 1 or September 1 of each year.

Notwithstanding any provision of the Indenture to the contrary, all or any portion of the Reserve Requirement for the Bonds may be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit or other comparable credit facility (collectively referred to herein as a "Credit Facility"), or a combination thereof, which, together with moneys on deposit in the Reserve Account, provide an aggregate amount equal to the Reserve Requirement; provided, that the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility must be rated in one of the two highest rating categories by Moody's Investors Service or S&P, without regard to modifier, at the time of delivery of such credit facility. Upon deposit of a surety bond, a letter of credit or other comparable credit facility, or a combination thereof, the Trustee shall transfer any excess amounts then on deposit in the Reserve Account into a segregated account of the Special Fund, which monies shall be applied at the

written direction of the Successor Agency either (i) to the payment within one year of the date of transfer of capital expenditures of the Successor Agency permitted by law, or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted hereby, and pending such application shall be held either not invested in investment property (as defined in section 148(b) of the Code), or invested in such property to produce a yield that is not in excess of the yield on the Bonds; provided, however, that the Successor Agency may by written direction to the Trustee cause an alternative use of such amounts if the Successor Agency shall first have obtained a written opinion of nationally recognized bond counsel substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103 of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

(4) On or after September 2 of each year, commencing September 2, 2015, after transfer of moneys to the Reserve Account necessary to restore the balance in the Reserve Account to the Reserve Requirement, all moneys in the Special Fund and the accounts therein shall, upon the Written Request of the Successor Agency, be transferred to the Successor Agency to be used by the Successor Agency for any lawful purposes. Notwithstanding the foregoing, any moneys available for transfer to the Successor Agency pursuant to this section (4) shall, upon the Written Request of the Successor Agency, be used by the Trustee to purchase Outstanding Bonds at such prices as shall be specified in writing by the Successor Agency.

Reserve Account

To secure the payment of the principal of and interest on the Bonds, a Reserve Account for the Bonds is established in the Indenture, in an amount equal to the initial Reserve Requirement. At closing, the Successor Agency will deposit into the Reserve Account the Reserve Policy to be issued by the Bond Insurer to satisfy the Reserve Requirement. On the Closing Date the Reserve Requirement equals \$1,758,750. Amounts in the Reserve Account shall be used and withdrawn as provided under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds – *Reserve Account*.”

Notwithstanding any provision of the Indenture to the contrary, all or any portion of the Reserve Requirement for the Bonds may be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit or other comparable credit facility (collectively referred to herein as a “Credit Facility”), or a combination thereof, which, together with moneys on deposit in the Reserve Account, provide an aggregate amount equal to the Reserve Requirement; provided, that the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility must be rated in one of the two highest rating categories by Moody’s Investors Service or S&P, without regard to modifier, at the time of delivery of such credit facility.

Pass-Through Payments

The Redevelopment Law authorized redevelopment agencies to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project area in an amount which in the agency’s determination is appropriate to alleviate any financial burden or detriment caused by a redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directed to the affected taxing agency, and, therefore are commonly referred to as pass-through agreements or tax sharing agreements (“Pass-Through Agreement”). The Predecessor Agency entered into a number of Pass-Through Agreements with respect to tax revenues relating to the Merged Project Area. Such Pass-Through Agreements may affect the ability of the Successor Agency to make payments on the Bonds. See “APPENDIX H- FISCAL CONSULTANT’S REPORT” for summaries of the Successor Agency’s pass-through agreements and the effect of these pass-through agreements on projected Tax Revenues available to pay debt service on the Bonds.

Pass-Through Agreements with each of the Rialto Unified School District, the San Bernardino Community College District, and the San Bernardino County Superintendent of Schools, are by their respective terms, subordinate to the payment of debt service on any bonded indebtedness of the Successor Agency, including the Bonds. See “APPENDIX H- FISCAL CONSULTANT’S REPORT.”

The Dissolution Act establishes procedures whereby the Successor Agency may make Statutory Pass-Through Payments subordinate to the payment of debt service on the Bonds. **The Successor Agency has satisfied the requirements of the Dissolution Act such that all Statutory Pass-Through Payments are subordinate to the payment of debt service on the Bonds.** The Successor Agency covenants in the Indenture to not approve, execute or deliver any agreement, or approve, execute or deliver or otherwise agree to any amendment, modification or supplement to any of the Pass-Through Agreements or any other tax sharing agreements, which will reduce, or would have the effect of reducing, the pledged Tax Revenues.

Elimination of Housing Set-Aside

Pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, redevelopment agencies were required to set aside not less than twenty percent of all tax increment revenues allocated to redevelopment agencies from redevelopment project areas adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized housing purposes. Amounts on deposit in the low- and moderate-income housing fund could be applied to pay debt service on bonds, loans, or advances of redevelopment agencies to finance low- and moderate-income housing projects.

The Dissolution Act eliminated the requirement that twenty percent of tax increment revenue be set aside and used exclusively for purposes of providing low and moderate income housing. Accordingly, pledged Tax Revenues are not subject to such set aside requirement and amounts formerly required to be set aside for such purpose are included in pledged Tax Revenues pledged to the payment of debt service on the Bonds; provided, however, only to the extent not used to pay Housing Parity Bonds obligations. See “SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS.”

San Bernardino County Auditor-Controller

The Dissolution Act assigns county auditors numerous responsibilities, including the responsibility to deposit tax increment revenues attributable to each successor agency into a Redevelopment Property Tax Trust Fund held in the county treasury in the name of each successor agency. Pursuant to the Dissolution Act, county auditors disburse funds from each Redevelopment Property Tax Trust Fund twice annually, on January 2 and June 1. Such amounts include payments to affected taxing entities, payments that are required to be paid from tax increment as approved on a Recognized Obligation Payment Schedule, and various administrative fees and allowances. Remaining Redevelopment Property Tax Trust Fund balances are distributed to affected taxing entities under a prescribed method that accounts for pass-through payments. County auditors are also responsible for distributing other moneys received from successor agencies (from sale of assets etc.) to the affected taxing entities.

**THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIALTO**

General

Pursuant to Ordinance No. 733, adopted by the City Council and Part 1.7 (commencing with Section 34100) of the Health and Safety Code of the State, the City Council duly established the Predecessor Agency. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. AB X1 26 provided for the dissolution of all redevelopment agencies, but also permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On September 27, 2011 pursuant to Resolution No. 6057 and Section 34173 of the Dissolution Act, the City elected to serve as the Successor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City.

Members and Officers

The Successor Agency is governed by the City Council of the City.

<u>Name and Office</u>	<u>Expiration of Term</u>
Deborah Robertson, Mayor	November 2016
Edward M. Palmer, Mayor Pro Tem	November 2016
Joe Baca Jr., Council Member	November 2014
Shawn O'Connell, Council Member	November 2016
Lynn Hirtz, Council Member	November 2014

Successor Agency Powers

Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Predecessor Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Predecessor Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the State Department of Finance. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Predecessor Agency to file not later than the first day of October of each year with the County Auditor-Controller a statement of indebtedness certified by the chief fiscal officer of the Predecessor Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plans). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Predecessor Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Predecessor Agency could not exceed the amounts shown on the Predecessor Agency's statement of indebtedness. The Dissolution Act eliminates this requirement and provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and commencing from such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law.

Plan Limitations

In 1993, Assembly Bill 1290 ("AB 1290") was passed by the California Legislature and signed into law by the Governor amending various provisions of the Redevelopment Law. Among other amendments to the Redevelopment Law, AB 1290 imposed time limits on existing redevelopment plans for the incurrence of indebtedness, the duration of the plan and the collection of the tax increment revenues. The Predecessor Agency adopted Ordinance No. 1332 to incorporate time limits into the Merged Project Area which brought the Redevelopment Plans into full compliance with AB 1290.

The California Legislature enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("SB 211"). SB 211 provides, among other things, that the limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994, may be deleted by ordinance of the legislative body. However, such deletion will trigger statutory tax sharing with respect to the Merged Project Area with those taxing entities that do not have tax sharing agreements. Tax sharing will be calculated based on the increase in assessed valuation after the year in which the limitation would otherwise have become effective.

SB 211 also authorizes the amendment of a redevelopment plan adopted prior to January 1, 1994, in order to extend for not more than 10 years the effectiveness of the redevelopment plan and the time to receive tax increment revenues and to pay indebtedness.

Any such extension must meet certain specified requirements, including the requirement that the redevelopment agency establish the existence of both physical and economic blight within a specified geographical area of the redevelopment project and that any additional tax increment revenues received by the redevelopment agency because of the extension be used solely within the designated blighted area. SB 211 authorizes any affected taxing entity, the State Department of Finance, or the Department of Housing and Community Development to request the Attorney General to participate in the proceedings to effect such extensions. It also authorized the Attorney General to bring a civil action to challenge the validity of the proposed extensions.

SB 211 also prescribes additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan, including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income prior to the termination of the effectiveness of the plan.

Section 33333.4 of the Redevelopment Law requires redevelopment plans adopted on or after October 1, 1976 and prior to January 1, 1994 to contain, among other things, a limitation on the number of dollars in taxes that may be divided and allocated to the redevelopment agency pursuant to the plan.

As part of the State’s 2003-04 budget legislation, Senate Bills 1045 (“SB 1045”) (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute \$135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. Under the Redevelopment Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. Pursuant to SB 1045 the Successor Agency extended the term of redevelopment plan effectiveness of all component project areas by one year with the adoption of Ordinance No. 1348 on April 19, 2004. This extension in turn extends the terms of the redevelopment plan’s effectiveness and the period within which the project areas may repay indebtedness by one year.

In connection with the requirement in the 2004-05 Budget that a portion of redevelopment agency tax increment revenues be shifted to the ERAF, the State Legislature enacted SB 1096 which permits redevelopment agencies making the ERAF payments mandated by the 2004-05 Budget to extend the effectiveness of certain classes of redevelopment plans by one year for each year in which the ERAF payments are made (for a total possible extension of two years). The portion of the Merged Project Area composed of the former Industrial Redevelopment Project Area met the criteria for this extension, and the City adopted its Ordinance No. 1370 on April 5, 2005 extending the plan limit of the portion of the Merged Project Area composed of the former Industrial Redevelopment Project Area by two years.

The redevelopment plan limits currently governing the various portions of the Merged Project Area redevelopment plans are summarized in the table below:

Merged Project Area Plan Limits

<u>Project Area</u>	<u>Termination of Project Activities</u>	<u>Last Date to Repay Debt with Tax Revenue</u>	<u>Tax Increment Limit</u>	<u>Limit on Outstanding Bond Debt</u>
Industrial	August 16, 2022	August 16, 2032	\$300 million	\$100 million
Agua Mansa	July 19, 2029	July 19, 2039	\$270 million	\$90 million
Gateway	January 16, 2027	January 16, 2037	\$90 million	\$30 million
Central Business Dist.	July 5, 2031	July 5, 2041	\$289 million	\$100 million
Added Territory	July 2, 2033	July 2, 2048	N/A	\$165 million

The limitations imposed by the Redevelopment Plan and/or AB 1290 are set forth in APPENDIX H – “FISCAL CONSULTANT’S REPORT.”

Within the former Industrial Project Area, the Successor Agency has received a cumulative total of \$85,773,287 in tax increment revenue through 2013-14. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit of \$300 million will not be exceeded within the life of the former Industrial Project Area unless growth from new development and/or resale of property is in excess of 5.5% per year. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit will not be exceeded prior to 2027, the final year of repayment of the Bonds, unless growth from new development and/or resale of property is in excess of 13.25% per year.

Within the former Agua Mansa Project Area the Successor Agency has received a cumulative total of \$75,577,507 in tax increment revenue through 2013-14. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit of \$270 million will be reached

during fiscal year 2037-38. If the growth in tax increment revenues exceeds the projected levels the former Agua Mansa Project Area may reach its tax increment limit earlier. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit will not be exceeded prior to 2027, the final year of repayment of the Bonds, unless growth from new development and/or resale of property is in excess of 12.0% per year.

Within the former Gateway Project Area the Successor Agency has received a cumulative total of \$13,189,386 through 2013-14. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit of \$90 million will not be exceeded within the life of the former Gateway Project Area unless growth from new development and/or resale of property is in excess of 4.25% per year. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit will not be exceeded prior to 2027, the final year of repayment of the Bonds, unless growth from new development and/or resale of property is in excess of 20.5% per year.

Within the former Central Business District Project Area, the Successor Agency has received a cumulative total of \$15,479,002 through 2013-14. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit of \$289 million will not be exceeded within the life of the former Central Business District Project Area unless growth from new development and/or resale of property is in excess of 11.5% per year. Based on the projected tax increment revenues to be received by the Successor Agency, the tax increment limit will not be exceeded prior to 2027, the final year of repayment of the Bonds, unless growth from new development and/or resale of property is in excess of 34.5% per year.

The Added Territory (as defined below) does not have a tax increment limit, however, through 2013-14 it has been allocated a total of \$87,849,991.

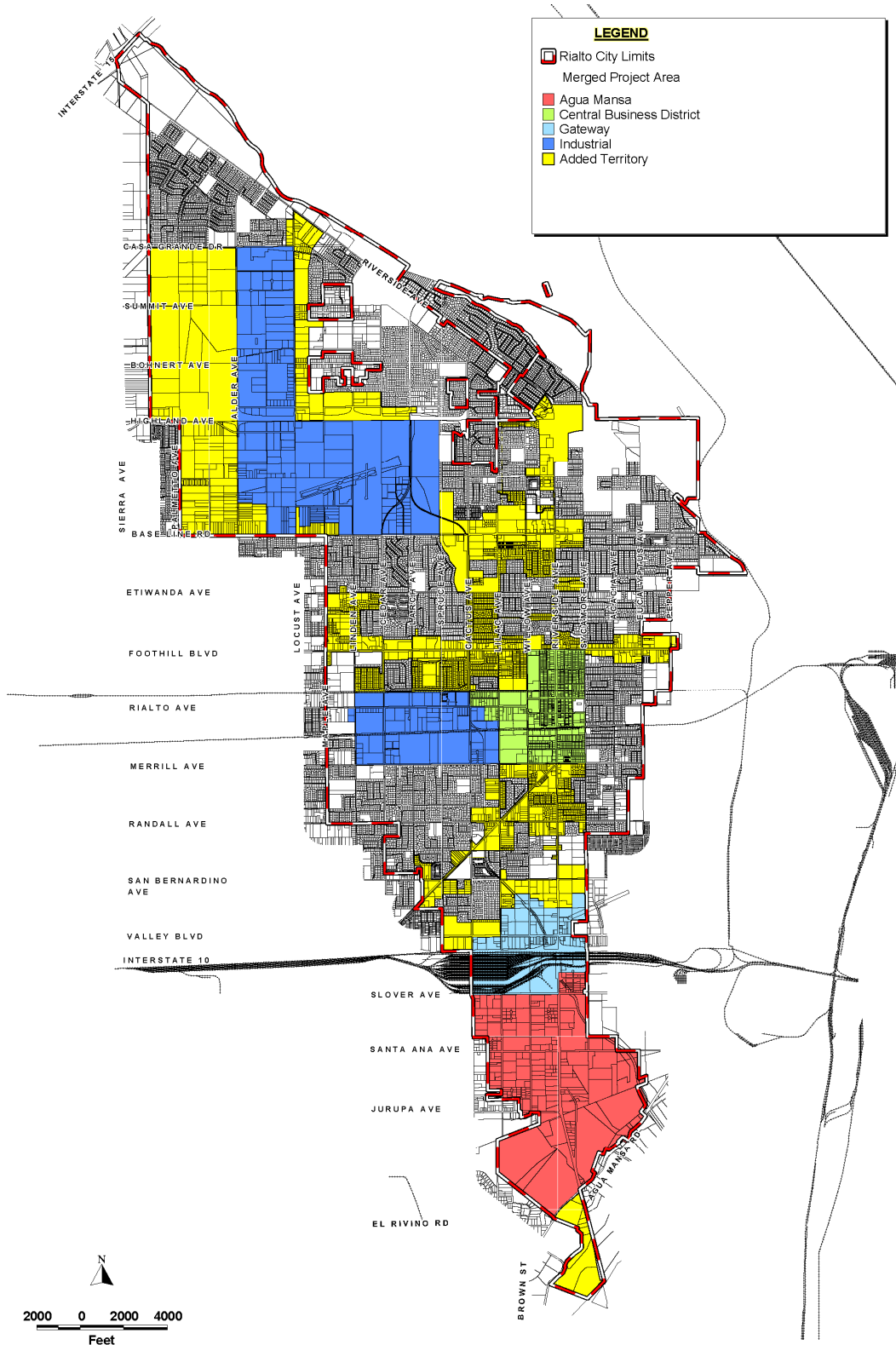
Audited Financial Statements

Prior to the enactment of the Dissolution Act, the Predecessor Agency retained independent auditors to prepare a report of the Predecessor Agency's audited financial statements for each fiscal year ended June 30, separate and apart from the City's audited financial statements.

Section 34177(n) of Dissolution Act requires that a post-audit of the financial transactions and records of the Successor Agency be made at least annually by a certified public accountant. The State Department of Finance has stated that successor agency activities may be reported as a trust fund that is included in the financial statements of the sponsoring government. For the reporting related to fiscal year ending June 30, 2013, the City decided not to have separate financial statements prepared for the Successor Agency. Instead, the financial transactions for the Successor Agency were reported as part of the City's audited financial statements (the "City CAFR") which were prepared by White Nelson Diehl Evans LLP (the "Auditors"). An excerpt of the City CAFR that includes the Successor Agency's private-purpose trust fund is attached as Appendix E to this Official Statement. The Successor Agency has not requested nor obtained permission from the Auditors to include portions of the City CAFR in this Official Statement. The Auditors have not performed any post-audit review of the financial condition or operation of the Successor Agency for purposes of this Official Statement.

Under the Dissolution Act the Successor Agency is a separate legal entity from the City. The assets and liabilities of the Successor Agency are not assets or liabilities of the City. The City CAFR is not incorporated herein by reference. As of the date of this Official Statement, the City plans to include the financial transactions of the Successor Agency as part of the City's audited financial statements for fiscal year ended June 30, 2014.

THE MERGED PROJECT AREA



General Description

The Merged Project Area consists of the merged Agua Mansa, Central Business District, Gateway, and Industrial Project Areas (the “Agua Mansa Project Area,” “Central Business District Project Area,” “Gateway Project Area” and “Industrial Project Area,” respectively.) On July 2, 2002 the City Council of the City of Rialto adopted Ordinance No. 1333 merging the four subject project areas into one, while also adding 3,436 acres of additional territory (the “Added Territory”) to the project area.

The Merged Project Area consists of a total of 7,535 acres of commercial, industrial, and residential properties as follows:

<u>Merged Project Area Component</u>	<u>Acres</u>
Former Agua Mansa Project Area	1,209
Former Central Business District Project Area	445
Former Gateway Project Area	428
Former Industrial Project Area	2,017
Added Territory	<u>3,436</u>
Total	7,535

Source: Rialto Redevelopment Agency.

The four former project areas were merged to accomplish the following: (1) add new territory to the Merged Project Area, (2) to consolidate all of the redevelopment plans into one document, and (3) to modify various financial and time limits incorporated in the original plans.

Agua Mansa Project Area

The former Agua Mansa Project Area was adopted on July 19, 1988 by Ordinance No. 1037 and consisted of a single area located south of Interstate Highway 10 and totaling 1,209 acres. This portion of the Merged Project Area is more particularly located north of Agua Mansa Road, east of Cactus Avenue, south of Interstate Highway 10 and west of the City limits. The assessed value of this portion of the Merged Project Area is mainly in industrial use (59.53%) and unsecured value (30.20%). There are 89 vacant parcels within the former Agua Mansa Project Area. The former Agua Mansa Project Area is presently zoned for medium and heavy industrial use with development standards established under the City’s Agua Mansa Industrial Corridor Specific Plan. Although some residential dwellings are located within the Redevelopment Project, such dwellings are legal nonconforming uses under the applicable development standards of the City.

The former Agua Mansa Project Area is presently dominated by distribution facilities and businesses that support the movement of goods to markets. Some of the major existing users include Home Depot, FedEx Ground, Unilever, and Angeles Block. There also are numerous trucking, fueling and repair related facilities in the former Agua Mansa Project Area serving the distribution community. A mixture of manufacturing companies that produce a wide variety of consumer goods are also located throughout the project area, along with a growing contingent of consumer retail and service establishments such as restaurants and gasoline stations.

A portion of the former Agua Mansa Project Area along Riverside Avenue is impacted by the presumed presence of the Delhi Sands Fly. Approximately 41 acres within the former Agua Mansa Project Area has been dedicated for preservation purposes and another 133 acres has been identified as suitable or restorable habitat. Development applications are currently reviewed on a case-by-case basis if the proposed project is located upon the Delhi Sands that provide habitat for the Delhi Sands Fly. The

City has engaged an environmental consultant and has prepared a citywide Habitat Conservation Plan in an attempt to eliminate the case-by-case negotiation process that has deterred development due to its uncertainty. The Habitat Conservation Plan is under review by the Fish and Wildlife Service. See “RISK FACTORS – Delhi Sands Flower-Loving Fly.”

Central Business District Project Area

The former Central Business District Project Area was adopted on June 5, 1990 by Ordinance No. 1101 and consists of a single area located on both sides of Riverside Avenue and totaling 445 acres. This portion of the Merged Project Area is more particularly located north of Merrill Avenue, east of Cactus Avenue, south of Foothill Boulevard and west of Sycamore Avenue. This portion of the Merged Project Area contains the original downtown area of the City and consists substantially of residential (55.56%) and commercial uses (23.30%) and contains a large amount of unsecured value (10.05%). There are 95 vacant parcels within Central Business District Project Area. The former Central Business District Project Area is presently zoned for commercial, residential and medium industrial land uses in accordance with the City’s Central Business District Specific Plan. The former Central Business District Project Area encompasses the civic institutions in Rialto, including Rialto City Hall, the Post Office, and the Metrolink rail station.

The former Central Business District Project Area (“CBD”) is a predominantly developed project area with a small number of infill parcels remaining to be developed. The CBD has a well-defined downtown area.

Gateway Project Area

The former Gateway Project Area consists of 428 acres and is generally located south of San Bernardino Avenue, and north of the Slover Avenue bounded on the east and west within the City limits. The former Gateway Project Area is near the intersection of the I-10 Freeway and Riverside Avenue. The Gateway Redevelopment Project is presently zoned for commercial and medium industrial land use in accordance with the City’s Gateway Specific Plan. Although some residential dwellings are located within the Gateway Redevelopment Project, such dwellings are legal nonconforming uses under the applicable development standards of the City.

The former Gateway Project Area consists of a mixture of existing commercial and industrial developments, including a Wal-Mart retail store, motels, several restaurants, and service stations. In 2008, the City approved a 230,000 square foot retail center at the southwest corner of Riverside Avenue and San Bernardino Avenue, anchored by a new Wal-Mart Supercenter (Wal-Mart will relocate the existing store). In 2014, the City resolved litigation filed against the project under CEQA. The City and developer are currently preparing improvement plans for the infrastructure necessary to support the project. The developer expects to commence construction in 2015.

Much of the vacant property in this portion of the former Gateway Project Area is non developable land because it has been encumbered by the assumed presence of an endangered species (the Delhi Sands Flower Loving Fly). Approximately 10 acres within the former Gateway Project Area has been dedicated for preservation purposes and another 40 acres has been identified as suitable or restorable habitat. Development applications are currently reviewed on a case-by-case basis if the proposed project is located upon the Delhi Sands which serves as the ecosystem for the Delhi Sands Flower Loving Fly. The City has engaged an environmental consultant and has prepared a citywide Habitat Conservation Plan in an attempt to eliminate the case-by-case negotiation process that has deterred development due to its uncertainty. The Habitat Conservation Plan is currently under review by the US Fish and Wildlife Service. See “RISK FACTORS – Delhi Sands Flower-Loving Fly.”

Industrial Project Area

The former Industrial Project Area was adopted on July 17, 1979 by Ordinance No. 782 and consists of two noncontiguous areas totaling 2,017 acres. The larger of these two areas is generally located north of Baseline Road, east of Alder Avenue, south of Casa Grande Drive and west of Spruce Avenue. The southern and smaller area is generally north of Merrill Avenue, east of Linden Avenue, south of Rialto Avenue and west of Lilac Avenue. The majority of the assessed value within this portion of the Merged Project Area is in industrial use (53.46%) and unsecured value (24.39%). There are 164 vacant parcels within the former Industrial Project Area.

The Rialto Municipal Airport is the dominant use in the northern portion of the former Industrial Project Area. The Successor Agency has entered into agreements with a developer for the master planning and redevelopment of some or all of the Airport and Agency owned properties. The Airport represents approximately 500 acres of freeway accessible property, which could be developed for residential, commercial and industrial uses. Federal legislation was approved in 2005 which grants the City the ability to close the airport under expedited rules with the Federal Aviation Administration. The City has also entered into an agreement with the San Bernardino International Airport Authority to help facilitate the relocation of displaced aviation tenants from the Rialto Municipal Airport. The City is in the process of relocating the tenants at the Airport and expects to close the runways during the fourth quarter of 2014. The County Sheriff will operate a helicopter facility until the second quarter of 2015. The City will conduct demolition and remediation activities and expects to sell its first land parcel in 2015. The build-out value of the project is expected to exceed \$1 billion.

The City entered into development agreements to facilitate projects along Baseline Road, immediately south of the Airport. Panattoni Development recently completed two buildings, a 373,000 square warehouse at the northwest corner of Baseline Road and Locust Avenue and a 718,000 square foot warehouse at the northeast corner of Baseline Road and Locust Avenue. OHL, a global logistics management firm, has completed tenant improvements for the 725,000 square foot facility and will ship electronic products for Apple, employing up to 500 workers. The City has approved a development agreement with Panattoni Development for a third warehouse of 750,000 square feet at the northwest corner of Baseline Road and Linden Avenue. Panattoni has completed demolition of structures and rough grading of the site, anticipating construction in the third quarter of 2014.

In June 2014, Target completed a 500,000 square foot cold storage food distribution facility at the southwest corner of Renaissance Parkway and Laurel Avenue, immediately north of the Airport. DCT Industrial is under construction on a 928,000 square foot warehouse at the southeast corner of Renaissance Parkway and Laurel Avenue with completion scheduled for the fourth quarter of 2014. B & B Plastics received land use entitlements and expects to commence construction on a 150,000 square foot industrial facility at the northwest corner of Locust Avenue and Casmalia Street later this year. CapRock Partners has two projects approved: a 620,000 square foot warehouse on Locust Avenue and a 428,000 square foot warehouse on Casmalia Street.

The southern portion of the former Industrial Project Area is presently zoned for industrial uses, with certain select areas devoted to commercial uses. This area is rail served and includes business occupants such as Toys R Us and Staples, both having developed large distribution facilities in recent years. State Pipe and Supply completed an expansion of its facility in 2010, adding 60,000 square feet of office and warehouse facilities. In addition, several of the pre-recession industrial facilities constructed have been occupied by American Handforge and American Business Supply.

Added Territory

The Added Territory consists of 3,436 acres in three sub-areas of the City of Rialto.

Subarea A consists of approximately 1,427 acres of land located north of Baseline Road and east of the City's easterly boundary on the east and west sides of the northern portion of the former Industrial Project Area. Major General Plan land use designations in Subarea A include industrial, commercial and public, with three small residential tracts at the extreme north, fronting the north side of Baseline Road and just north of the Rialto Municipal Airport. The Foothill 210 Freeway bisects this Subarea along Highland Avenue.

Subarea B consists of approximately 1,679 acres of land and connects the two non-contiguous portions of the former Industrial Project Area together and to the former Central Business District Project Area. Land uses are primarily residential and commercial with some mixed open space and public uses. This area is in the center of the City and largely consists of older developments.

Subarea C consists of approximately 330 acres of land and connects the Industrial and Central Business District Project Areas to the former Gateway Project Area and extends the former Agua Mansa Project Area southward to include the industrial parcels comprising the southern tip of the City. It consists primarily of commercial and industrial parcels.

The Added Territory includes significant vacant land that is undergoing industrial development. In 2006, Target Corporation completed construction on a 3.3 million square foot distribution facility to serve its retail stores in the western United States. Target added another 400,000 square feet of building in 2010. Prologis Development Services constructed and leased three buildings in the Prologis North Industrial Park, comprising 2.8 million square feet. Prologis is currently constructing a 677,000 square foot addition to the Prologis North Industrial Park.

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Land Use

The table below represents the breakdown of land use in the Merged Project Area by the number of parcels and by assessed value for fiscal year 2014-15. Unsecured and California State Board of Equalization (“SBOE”) non-unitary values are connected with parcels that are already accounted for in other categories. It should be noted that the figures below include the net taxable value for all parcels. This information is based on County land use designations as provided by the County.

Merged Project Area Land Use Summary

<u>Category</u>	<u>No. Parcels</u>	<u>Net Taxable Value</u>	<u>% of Total</u>
Residential	3,513	\$594,875,066	18.87%
Commercial	463	415,194,588	13.17
Industrial	349	1,297,424,738	41.16
Dry/Irrigated Farm	3	746,274	0.02
Recreational	6	2,257,656	0.07
Institutional	36	10,809,848	0.34
Government	5	8,952,145	0.28
Miscellaneous	51	6,409,416	0.20
Vacant Land	635	270,702,330	8.59
Exempt	<u>490</u>	<u>0</u>	<u>0.00</u>
Subtotals:	5,551	\$2,607,372,061	82.72%
SBOE Non-unitary		754,444	0.02
Unsecured		543,737,129	17.25
Totals:	5,551	\$3,151,863,634	100.00%

Source: HdL Coren & Cone.

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The vacant parcels within the Merged Project Area total 1,516.36 acres according to Assessor's maps and other County records. The following Table C breaks down the vacant parcels for each of the component project areas.

Merged Project Area Vacant Land Summary		
<u>Project Area</u>	<u>No. Vacant Parcels</u>	<u>Acres</u>
Industrial	128	424.72
Agua Mansa	81	308.38
Gateway	25	34.26
Central Business District	85	21.46
Added Territory	<u>316</u>	<u>727.54</u>
Totals	635	1,516.36

Source: HdL Coren & Cone.

TAX REVENUES

Historical Tax Revenues

The Successor Agency's source of Tax Revenues pledged to pay debt service on the Bonds, the Non-Housing Parity Bonds, and Housing Parity Bonds is tax revenues from the Merged Project Area. The following table shows a summary of the historical taxable valuations and resulting tax revenues in the Merged Project Area. This summary of historical assessed valuations and tax revenues is not intended to aid in the prediction of future pledged Tax Revenues.

**Table 1
Merged Project Area
Historical Taxable Value**

	Adjusted Base Year (2007-08)	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Secured⁽¹⁾</i>						
Land	\$563,921,465	\$823,690,412	\$828,405,444	\$821,236,517	\$877,535,606	\$932,364,998
Improvements	6,996	1,578,902,223	1,559,980,155	1,566,707,695	1,585,814,290	1,783,933,621
Personal Property	0	1,870,448	1,271,363	1,209,855	1,132,616	127,113
Exemptions	<u>0</u>	<u>(58,170,102)</u>	<u>(85,941,478)</u>	<u>(92,985,435)</u>	<u>(108,061,307)</u>	<u>(108,299,227)</u>
Total Secured	<u>\$563,928,461</u>	<u>\$2,346,292,981</u>	<u>\$2,303,715,484</u>	<u>\$2,296,168,632</u>	<u>\$2,356,421,205</u>	<u>\$2,608,126,505</u>
<i>Unsecured</i>						
Land	0	0	0	0	0	0
Improvements	15,513,527	250,470,958	204,674,638	291,719,115	287,404,575	319,345,980
Personal Property	53,235,125	212,617,530	200,267,290	208,583,983	199,991,810	224,761,675
Exemptions	<u>0</u>	<u>(394,177)</u>	<u>(362,257)</u>	<u>(383,239)</u>	<u>(398,892)</u>	<u>(370,526)</u>
Total Unsecured	<u>\$68,748,652</u>	<u>\$462,694,311</u>	<u>\$404,579,671</u>	<u>\$499,919,859</u>	<u>\$486,997,493</u>	<u>\$543,737,129</u>
GRAND TOTAL	<u>\$632,677,113</u>	<u>\$2,808,987,292</u>	<u>\$2,708,295,155</u>	<u>\$2,796,088,491</u>	<u>\$2,843,418,698</u>	<u>\$3,151,863,634</u>

Source: County of San Bernardino and HdL Coren & Cone.

⁽¹⁾ Secured values include state assessed non-unitary utility property.

The County Auditor-Controller apportions tax revenues to the Successor Agency based upon the amount of the tax levy that is received from the taxpayers. Secured collection rates for the Merged Project Area have been consistently high. The following table illustrates the final tax revenue collections for the fiscal years shown.

Merged Project Area Tax Revenues Collection Rates					
Fiscal Year	<u>Industrial</u>	<u>Agua Mansa</u>	<u>Gateway</u>	<u>Central Business Dist.</u>	<u>Added Territory</u>
2008-09	95.62%	99.12%	97.38%	86.64%	95.26%
2009-10	95.57	108.73	98.93	86.52	96.95
2010-11	95.45	98.17	98.85	89.63	93.34
2011-12	87.97	87.57	90.92	92.19	86.05
2012-13	96.55	86.76	94.57	91.93	93.23

Source: HdL Coren & Cone.

Deposits to Redevelopment Property Tax Trust Fund

As discussed above, the Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee without a duly approved and effective Recognized Obligation Payment Schedule. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule” and “PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule.”

Copies of the Recognized Obligation Payment Schedules submitted by the Successor Agency in the last three fiscal years are attached hereto as APPENDIX I – “RECOGNIZED OBLIGATION PAYMENT SCHEDULES.”

Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Merged Project Area. The assessments are assigned to Tax Rate Areas (“TRA”) that are coterminous with the boundaries of the Merged Project Area. The historic reported taxable values for the original project areas composing the Merged Project Area were reviewed in order to ascertain the rate of taxable property valuation growth over the most recent ten fiscal years beginning with 2004-05. Between 2004-05 and 2013-14 the taxable value within the Merged Project Area increased by \$1,395,717,158 (97.02%) in the aggregate, although such growth was not experienced uniformly among each of the original project areas. This represents an average annual growth of 9.7% despite reductions in value that occurred in fiscal years 2009-10, 2010-11 and 2011-12. Modest growth in 2012-13 and 2013-14 has recovered approximately 47.3% of the value lost in those three years.

Assessed values increased substantially for fiscal year 2014-15. Within the Merged Project Area, values rose by a combined \$308.9 million (10.86%). Secured values increased by \$252.1 million (10.7%) and unsecured values increased by \$56.7 million (11.65%). Growth by component project area is shown in Table 2 below. The largest increase was among industrial properties which grew by \$165.1 million (15.1%) in taxable value with the second largest source of growth being among unsecured assessments which grew by \$56.7 million (11.65%). Residential values benefitted from a more aggressive recovery of

value declines that have occurred over the past several years as a result of Proposition 8 reductions. Residential values increased by \$41.8 million (7.6%) over the values for 2013-14.

Table 2
Merged Project Area
Taxable Value History
By Component Project Area

Fiscal Year	Industrial	Agua Mansa	Gateway	CBD	Added Territory
2004-05	\$297,901,795	\$324,985,194	\$72,254,681	\$145,306,458	\$598,066,446
2005-06	315,239,826	355,257,109	75,580,057	161,297,179	750,914,521
2006-07	364,762,467	418,219,997	82,686,779	187,346,765	992,991,417
2007-08	496,758,752	536,558,211	96,860,776	210,637,082	1,272,527,756
2008-09	540,365,168	572,470,173	85,977,362	216,778,228	1,531,802,170
2009-10	609,328,318	559,512,093	85,485,250	195,705,276	1,442,166,533
2010-11	551,389,490	641,256,900	85,487,202	172,840,439	1,358,013,261
2011-12	531,909,022	568,907,117	85,314,612	171,507,815	1,350,656,589
2012-13	544,933,155	609,283,099	84,804,092	169,727,656	1,387,340,489
2013-14	577,041,562	592,226,945	85,661,854	174,894,151	1,413,594,186
2014-15	647,300,054	613,543,137	86,307,997	182,572,677	1,622,139,769

Source: HdL Coren & Cone

Largest Property Owners

The table below shows the ten largest property owners in the Merged Project Area for Fiscal Year 2014-15. The aggregate secured and unsecured assessed value of the top ten property owners accounted for approximately 32.17% of the assessed value of the Merged Project Area for Fiscal Year 2014-15. See “RISK FACTORS – Concentration of Ownership.”

Among the top ten taxpayers, three have filed assessment appeals that are currently pending. These include Prologis-MacQuarie, the number two taxpayer, Teachers Insurance and Annuity, the number four taxpayer, and Locust and Linden Fund IX LLC, the number ten taxpayer. The details of these pending assessment appeals are discussed in the section entitled “Assessment Appeals” below. Potential reductions in value that may result from these appeals have been considered in the projections of tax increment revenue for the Merged Project Area.

**Table 3
Merged Project Area
Top Ten Taxable Property Owners
Fiscal Year 2013-14**

<u>Property Owner</u>	<u>Combined Value</u>	<u>% of Total Assessed Value</u>	<u>% of Total Incremental Value</u>
Target Corporation	\$301,001,277	9.55%	11.95%
Prologis-MacQuarie	235,969,763	7.49	9.37
Teachers Insurance and Annuity	109,243,725	3.47	4.34
FedEx Ground Package System	85,692,590	2.72	3.40
Toys 'R' Us – Delaware Inc.	60,582,610	1.92	2.40
Staples the Office Superstore	50,167,219	1.59	1.99
SFPP LP	47,728,080	1.51	1.89
I-210 Logistics Center Fund X LLC	46,801,197	1.48	1.86
100 Cedar Avenue LLC	45,547,016	1.44	1.81
Locust and Linden Fund	<u>31,327,119</u>	<u>0.99</u>	<u>1.24</u>
Totals:	\$1,014,060,596		
Total Assessed Values:	\$3,151,863,634	32.17%	
Incremental Assessed Value:	\$2,519,186,521		40.25%

Source: HdL Coren & Cone.

Agency Not Subject To “Teeter Plan”

According to the County Auditor-Controller, the Successor Agency’s tax increment apportionments are not subject to the “Teeter Plan,” which stabilizes property tax payments at 100% of anticipated receipts. Consequently, delinquent property taxes will impact Tax Revenues. See APPENDIX H – “FISCAL CONSULTANT’S REPORT” for more detailed information on the projected impact of delinquent property tax payments on Tax Revenues.

Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the California Board of Equalization. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51(b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property, general decline in the real estate market, or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

The table below shows a list of outstanding appeals in the Merged Project Area. To estimate the potential reduction in assessed value that may occur as a result of pending appeals, a review of the historical averages for the number of appeals allowed and the amount of assessed value removed was conducted. Those averages were applied to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of these pending appeals. By applying these historical averages to the pending appeals, it is estimated that the Successor Agency will experience a loss in assessed value in Merged Project Area of \$66,535,820 on 76 of the pending appeals during 2015-16. See APPENDIX H – “FISCAL CONSULTANT’S REPORT” for more information on assessment appeals.

**Table 4
Merged Project Area
Pending Assessment Appeals**

<u>Project Areas</u>	<u>Total No. of Appeals</u>	<u>No. of Resolved Appeals</u>	<u>No. of Successful Appeals</u>	<u>Average Reduction</u>	<u>No. of Appeals Pending</u>	<u>Value of Appeals Pending</u>	<u>Est. No. of Appeals Allowed</u>	<u>Est. Reduction on Pending Appeals Allowed (2015-16 Value Adjustment)</u>
Industrial	107	83	63	30.14%	24	(\$96,868,010)	18	\$22,161,328
Agua Mansa	62	44	26	20.03	18	(94,398,315)	11	11,173,616
Gateway	26	18	10	23.05	8	(19,176,159)	4	2,455,136
Central Buss. Dist.	61	52	25	15.28	9	(10,264,458)	4	754,131
Added Territory	<u>297</u>	<u>236</u>	<u>150</u>	22.53	<u>61</u>	<u>(\$209,396,700)</u>	<u>39</u>	<u>29,991,609</u>
Merged Project Area	553	433	274		120	(\$430,103,642)	76	\$66,535,820

⁽¹⁾ The pending appeals included in the projection of value loss do not include appeals on the same parcel in multiple years. Reduction in value in such cases is not cumulative.

Source: HdL Coren & Cone.

Projected Tax Revenues and Estimated Debt Service Coverage

The following tables show the current and projected valuation of taxable property in the Merged Project Area together with projected Tax Revenues based on the Fiscal Consultant's projections of Tax Revenues for the Merged Project Area as set forth in the Fiscal Consultant's Report. See APPENDIX H – "FISCAL CONSULTANT'S REPORT" for more detailed information on projected Tax Revenues for the Merged Project Area, including an explanation of the assumptions on which such projections are based.

Receipt of projected Tax Revenues in the amounts and at the time projected by the Successor Agency's Fiscal Consultant depends on the realization of certain assumptions relating to the Tax Revenues. The projections of Tax Revenues shown in the Fiscal Consultant's Report are based on the assumptions described therein. Based upon the projected Tax Revenues, the Successor Agency expects sufficient funds should be available to the Successor Agency to pay principal of and interest on the Bonds. Although the Successor Agency believes that the assumptions upon which the projected Tax Revenues are based are reasonable, the Successor Agency provides no assurance that the projected Tax Revenues will be realized. See "RISK FACTORS." To the extent that the assumptions are not actually realized, the Successor Agency's ability to timely pay principal and interest on the Bonds may be adversely affected.

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Table 5
Merged Project Area
Projected Tax Revenues
(In thousands)
Assumes No Inflationary Growth ⁽¹⁾

Fiscal Year June 30	Total Taxable Value	Taxable Value Over Base	Adjusted Gross Tax Revenue⁽²⁾	County Admin. Charges	Housing Set-Aside	Pass-Through Agreements⁽⁴⁾	Tax Revenues⁽⁵⁾
2015	\$3,151,864	\$2,519,187	\$28,809	\$(211)	\$(5,762)	\$(2,906)	\$19,930
2016 ⁽³⁾	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2017	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2018	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2019	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2020	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2021	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2022	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2023	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2024	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2025	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2026	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477
2027	3,105,239	2,472,562	28,224	(207)	(5,645)	(2,896)	19,477

Source: HdL Coren & Cone.

- ⁽¹⁾ Projected tax revenues include Rialto Unified School District pass-through payments, combined OPA payments, and 2007 Certificate of Participation debt service payments.
- ⁽²⁾ Gross Tax Revenue net of Section 33676 inflationary adjustments from within the former Gateway Project Area.
- ⁽³⁾ Values for fiscal year 2015-16 are decreased by \$66.6 million for projected value loss due to pending assessment appeals. Values for fiscal year 2015-16 are increased by \$19.9 million for 108 transfers of ownership after January 1, 2014.
- ⁽⁴⁾ See “APPENDIX H- FISCAL CONSULTANT’S REPORT” for summaries of the Successor Agency’s pass-through agreements and the effect of these pass-through agreements on projected Tax Revenues available to pay debt service on the Bonds.
- ⁽⁵⁾ Amount projected to be available to pay debt service on the Bonds and Parity Bonds.

Table 6
Merged Project Area
Projected Tax Revenues
(In thousands)
Assumes Inflationary Growth⁽¹⁾

Fiscal Year June 30	Total Taxable Value	Taxable Value Over Base	Adjusted Gross Tax Revenue⁽²⁾	County Admin. Charges	Housing Set-Aside	Pass-Through Agreements⁽³⁾	Tax Revenues⁽⁴⁾
2015	\$3,151,864	\$2,519,187	\$28,809	\$(211)	\$(5,762)	\$(2,906)	\$19,930
2016	3,162,455	2,529,778	28,873	(211)	(5,775)	(2,955)	19,931
2017	3,221,214	2,588,536	29,538	(216)	(5,908)	(3,016)	20,398
2018	3,281,148	2,648,470	30,218	(221)	(6,044)	(3,078)	20,875
2019	3,342,280	2,709,603	30,910	(226)	(6,182)	(3,141)	21,361
2020	3,404,635	2,771,958	31,617	(231)	(6,323)	(3,206)	21,856
2021	3,468,238	2,835,561	32,338	(237)	(6,468)	(3,271)	22,362
2022	3,533,112	2,900,435	33,073	(242)	(6,615)	(3,339)	22,878
2023	3,599,284	2,966,607	33,823	(248)	(6,765)	(3,407)	23,404
2024	3,666,779	3,034,102	34,588	(253)	(6,918)	(3,477)	23,940
2025	3,735,624	3,102,947	35,368	(259)	(7,074)	(3,548)	24,487
2026	3,805,847	3,173,169	36,163	(265)	(7,233)	(3,620)	25,046
2027	3,877,473	3,244,796	36,975	(271)	(7,395)	(3,694)	25,615

Source: HdL Coren & Cone.

- ⁽¹⁾ Projected tax revenues include Rialto Unified School District pass-through payments, combined OPA payments, and 2007 Certificate of Participation debt service payments.
- ⁽²⁾ Gross Tax Revenue net of Section 33676 inflationary adjustments from within the former Gateway Project Area.
- ⁽³⁾ See “APPENDIX H- FISCAL CONSULTANT’S REPORT” for summaries of the Successor Agency’s pass-through agreements and the effect of these pass-through agreements on projected Tax Revenues available to pay debt service on the Bonds.
- ⁽⁴⁾ Amount projected to be available to pay debt service on the Bonds and Parity Bonds.

Estimated Debt Service Coverage

The following tables show the debt service coverage on the Parity Bonds and the Bonds, based on estimated Tax Revenues from the Merged Project Area. Although the Successor Agency believes that the assumptions upon which the projected Tax Revenues are based are reasonable, the Successor Agency provides no assurance that the projected Tax Revenues will be realized. See “RISK FACTORS.”

Table 7
Merged Project Area
Estimated Debt Service Coverage
Bond Years Ending September 1, 2014-15 through 2026-27
(In thousands)
Assumes No Inflationary Growth

Bond Year	Projected Tax	Debt Service on	Debt Service on	Total	Coverage
Ending	Revenues⁽¹⁾	Parity Bonds	the Bonds	Debt Service	
September 1					
2015	\$19,930	\$7,221	\$1,721	\$8,942	223%
2016	19,477	7,216	1,726	8,942	218
2017	19,477	7,220	1,722	8,942	218
2018	19,477	7,214	1,726	8,940	218
2019	19,477	7,216	1,728	8,944	218
2020	19,477	7,208	1,732	8,939	218
2021	19,477	7,212	1,733	8,944	218
2022	19,477	7,208	1,731	8,939	218
2023	19,477	7,197	1,741	8,938	218
2024	19,477	7,194	1,742	8,936	218
2025	19,477	7,188	1,755	8,943	218
2026	19,477	7,182	1,759	8,940	218
2027	19,477	7,177	1,759	8,936	218

Source: Fiscal Consultant; Underwriter

⁽¹⁾ See APPENDIX H – “FISCAL CONSULTANT’S REPORT” for more detailed information on projected Tax Revenues for the Merged Project Area, including an explanation of the assumptions on which such projections are based.

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Table 8
Merged Project Area
Estimated Debt Service Coverage
Bond Years Ending September 1, 2014-15 through 2026-27
(In thousands)
Assumes Inflationary Growth

Bond Year	Projected Tax	Debt Service on	Debt Service on	Total	Coverage
Ending	Revenues⁽¹⁾	Parity Bonds	the Bonds	Debt Service	
September 1					
2015	\$19,930	\$7,221	\$1,721	\$8,942	223%
2016	19,931	7,216	1,726	8,942	223
2017	20,398	7,220	1,722	8,942	228
2018	20,875	7,214	1,726	8,940	234
2019	21,361	7,216	1,728	8,944	239
2020	21,856	7,208	1,732	8,939	244
2021	22,362	7,212	1,733	8,944	250
2022	22,878	7,208	1,731	8,939	256
2023	23,404	7,197	1,741	8,938	262
2024	23,940	7,194	1,742	8,936	268
2025	24,487	7,188	1,755	8,943	274
2026	25,046	7,182	1,759	8,940	280
2027	25,615	7,177	1,759	8,936	287

Source: Fiscal Consultant; Underwriter

⁽¹⁾ See APPENDIX H – “FISCAL CONSULTANT’S REPORT” for more detailed information on projected Tax Revenues for the Merged Project Area, including an explanation of the assumptions on which such projections are based.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors’ rights, including equitable principles.

Reduction in Taxable Value

Pledged Tax Revenues available to pay principal and interest on the Bonds are determined by the amount of incremental taxable value in the Merged Project Area and the current rate or rates at which property in the Merged Project Area is taxed. The reduction of taxable values of property in the Merged Project Area caused by economic factors beyond the Successor Agency’s control, such as relocation out of the Merged Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the pledged Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction of pledged Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the Bonds.

As described in greater detail under the heading “PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution,” Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce pledged Tax Revenues available to pay principal and interest on the Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading “RISK FACTORS,” the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledge Tax Revenues and adversely affect the source of repayment and security of the Bonds.

Limited Powers and Resources

The Successor Agency was created pursuant to the Dissolution Act to wind down the affairs of the Predecessor Agency. The Successor Agency’s powers are limited to those granted under the Dissolution Act. The Successor Agency does not have the power to levy property taxes nor does it have the power to participate in redevelopment activities, except as provided in the Dissolution Act. Many actions by the Successor Agency are subject to the review or approval of the Oversight Board and the State Department of Finance, and, in some cases, the State Controller.

Prior to the Dissolution Act, former redevelopment agencies had the ability to retain funds on hand, accumulated from prior years that were available for use to cover short-term cash flow deficits. In the event of a delay in the receipt of tax increment in any given year, the former redevelopment agency had the option to use such accumulated funds to make payments on bonds when due. Under the Dissolution Act, the Successor Agency, just like each successor agency formed under the Dissolution Act, is required to obtain prior approval from its Oversight Board, and the State Department of Finance, in order to pay an enforceable obligation from a source of funds that is different than the one identified on the ROPS. Except for the pledged Tax Revenues, the Successor Agency has no alternative resources available to make payments on enforceable obligations if there is a delay with respect to scheduled RPTTF disbursements or if the amount from RPTTF disbursements is not sufficient for the required payment of the enforceable obligations.

Risks to Real Estate Market

The Successor Agency’s ability to make payments on the Bonds will be dependent upon the economic strength of the Merged Project Area. The general economy of the Merged Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Merged Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the Merged Project Area, the owners of property within the Merged Project Area may be less able or less willing to make timely

payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of pledged Tax Revenues by the Successor Agency.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2 percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation several times but in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%. In Fiscal Year 2011-12, the inflationary value adjustment was 0.753%, which also is below the 2% limitation. For Fiscal Year 2012-13 and 2013-14, the inflationary value adjustment is 2.00%, which is the maximum permissible increase under Article XIII A. The Successor Agency is unable to predict if any adjustments to the full cash value of real property within the Merged Project Area, whether an increase or a reduction, will be realized in the future.

Development Risks

The general economy of the Merged Project Area will be subject to all the risks generally associated with real estate development. Projected development within the Merged Project Area may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Merged Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development within the Merged Project Area is delayed or halted, the economy of the Merged Project Area could be affected. If such events lead to a decline in assessed values they could cause a reduction in pledged Tax Revenues. In addition, if there is a decline in the general economy of a Project Area, the owners of property within the Merged Project Area may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the pledged Tax Revenues received by the Successor Agency from the Merged Project Area. In addition, the insolvency or bankruptcy of one or more large owners of property within a Project Area could delay or impair the receipt of pledged Tax Revenues by the Successor Agency.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Merged Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds. Any reduction in pledged Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the Successor Agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

In the event a Successor Agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the Successor Agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the State Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the County Auditor-Controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "SECURITY FOR THE BONDS-Statutory Pass-Through Amounts") and no later than each January 2 and June 1, to each local Successor Agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (ii) second, on each January 2 and June 1, to the Successor Agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to the Successor Agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” – Recognized Obligation Payment Schedule”).

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency’s administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Future Implementation of Dissolution Act

Numerous lawsuits have been filed pertaining to the State Department of Finance’s implementation of various provisions of the Dissolution Act. A lawsuit (the “Syncora Lawsuit”) was filed by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, “Syncora”) on August 12, 2012, with the Superior Court of California in the County of Sacramento, *Case No. 34-2012-80001215*. Syncora is the municipal bond insurer for a number of bond insurance policies for outstanding bonds issued by former California redevelopment agencies. Syncora alleges that the Dissolution Act, and specifically the “Redistribution Provisions” (including California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleges that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation. The Syncora Lawsuit was brought as a petition for writ of mandate and complaint for declaratory relief, inverse condemnation, and injunctive relief. On May 29, 2013, the Court entered a ruling. The Court (1) denied Syncora any form of relief requested in the Complaint and Petition on its impairment of contracts claims, on the ground that those claims were premature, as no evidence was submitted by Syncora that any redevelopment agency bonds it insures are in default or that any redevelopment agency bonds are in default at all; and (2) held that Syncora’s takings claims are not necessarily premature, that an evidentiary hearing should be conducted to address such claims, and that the parties should file status reports with the Court addressing certain issues in connection with such evidentiary hearing. On August 16, 2013, the parties filed with the Court a proposed stipulated judgment which dismisses Syncora’s impairment of contract claims and takings claims without prejudice on grounds of prematurity. The stipulated judgment, as proposed by the parties, was entered on October 3, 2013.

The Successor Agency cannot predict the outcome of any pending or future lawsuit with respect to the interpretation, the implementation or the validity of any provision of the Dissolution Act, including the provisions under which the Bonds are issued. The Successor Agency believes that the federal and State Constitutions clauses regarding contract impairments and takings provide protection to the bondholders of the Bonds in the event of any lawsuit concerning provisions affecting the validity and payment on bonds issued under the Dissolution Act. However, the outcome of any such lawsuit is beyond the Successor Agency's control.

Bankruptcy and Foreclosure

The payment of the property taxes from which pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Estimated Tax Revenues

In estimating that pledged Tax Revenues will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Merged Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the pledged Tax Revenues available to pay debt service on the Bonds will be less than those projected and such reduced pledged Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Assumptions and Projections

To estimate the pledged Tax Revenues available to pay debt service on the Bonds, the Fiscal Consultant has made certain assumptions with regard to present and future assessed valuation in the Merged Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than such assumptions, the pledged Tax Revenues available to pay debt service on the Bonds may be less than those projected. No assurance can be made that the aggregate coverage projections with respect to the Bonds will be met.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Successor

Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur. Such forward-looking statements include, but are not limited to, certain statements contained in the information in “INTRODUCTION,” “THE MERGED PROJECT AREA,” and “TAX REVENUES.”

Limitations on Remedies

The enforceability of the rights and remedies of the Holders of the Bonds and the Trustee and the obligations incurred by the Successor Agency may be subject to the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise of the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its government bodies in the interest of serving a significant and legitimate public purpose.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Merged Project Area. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Merged Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. See “RISK FACTORS – Rialto/Colton Groundwater Basin Contamination.”

Natural Disasters

The value of the property in the Merged Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Merged Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

The Merged Project Area is located in a seismically active region of Southern California with several faults located within, or within a few miles of, the Merged Project Area. Active faults that may have an impact on the Merged Project Area include the San Jacinto, Glen Helen and Lytle Creek faults. In the event of property damage caused by an earthquake, the assessed valuation of affected property could be reduced. Such a reduction of assessed valuations could result in a reduction of the pledged Tax Revenues that secure the Bonds, which in turn could impair the ability of the Successor Agency to make payments of principal of and interest on the Bonds when due.

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of pledged Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the Bonds.

Economic Risk

The Successor Agency's ability to make payment on the Bonds will be partially dependent upon the economic strength of the Merged Project Area. If there is a decline in the general economy of the Merged Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of pledged Tax Revenues. Furthermore, general economic declines are likely to result in additional reductions of assessed values. In the event of decreased values, pledged Tax Revenues may decline even if property owners make timely payment of property taxes.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX A attached hereto for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the Bonds will be deposited and into which pledged Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Successor Agency cannot predict the effects on the receipt of pledged Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See "RISK FACTORS – Bankruptcy and Foreclosure."

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

Concentration of Ownership

The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within the Merged Project Area is concentrated among a relatively few number of property owners. Ownership of property in the Merged Project Area is highly concentrated, with the ten largest property owners accounting for 32.17% of the Fiscal Year 2014-15 assessed valuation and 40.25% of the Merged Project Area incremental value. Significant reduction in the assessed values of these property owners could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the Bonds as such payments become due and payable. See "THE MERGED PROJECT AREA – Largest Taxpayers."

Rialto/Colton Groundwater Basin Contamination

The Rockets, Fireworks, and Flares Superfund Site (the “Site”) includes a 160-Acre Area in the City where perchlorate, trichloroethylene and other chemicals have contaminated soil and groundwater in the Rialto-Colton Groundwater Basin (“Basin”). The Site, formerly known as the B.F. Goodrich Superfund Site, also includes areas of groundwater contamination downgradient of the 160-Acre Area. The 160-Acre Area was part of the former Rialto Ammunition Backup Storage Point (“RABSP”) Area, an approximately 2,800-acre parcel of land acquired by the United States Army to develop an inspection, consolidation, and storage facility for rail cars transporting bombs, ammunition and other ordinance to the Port of Los Angeles during World War II. After the war, the United States sold off the RABSP Area in different parcels, including the 160-Acre Area. Since then, portions of the former RABSP Area have been used by a variety of U.S. Department of Defense (“DoD”) contractors, fireworks manufacturers, and others who used perchlorate salts and other chemicals in their manufacturing processes or in their products. The County owns the Mid-Valley Sanitary Landfill, which has operated on a portion of the RABSP Area since 1958.

Following discovery in 1997 of widespread perchlorate groundwater contamination in the Basin, the City was forced to shut down many of its drinking water supply wells. The shutdown of these wells created a water shortage emergency requiring the City to install wellhead treatment systems at several of its water supply wells in order to provide safe drinking water to its community. The City steadfastly pursued investigation and remediation of the Basin and recovery of its response costs through federal litigation against the parties responsible for such contamination. These parties included the County; Stanley Black & Decker, Inc. and its subsidiary Emhart Industries, Inc. (“Emhart”); DoD and its contractors; manufacturers of fireworks and other pyrotechnics; and several other responsible parties. The City’s efforts resulted in multiple federal consent decree settlements requiring cleanup of the groundwater in the Basin and payment to the City for a portion of its response costs. Under the terms of these settlements, responsible parties have provided a total of \$8.9 million in cash payments to the City.

Consistent with such settlements, the County is currently implementing the Santa Ana Regional Water Quality Control Board Remedy (“Regional Board Remedy”) to clean up the contamination emanating from the Mid-Valley Sanitary Landfill and the Stonehurst Property located in the western portion of the former RABSP Area. Specifically, in 2006, the County constructed and commenced operation of a groundwater extraction and treatment system, which includes a groundwater treatment plant located near Rialto Well number 3. The County treatment plant is operated by the City and provides safe and clean drinking water to the community that satisfies the City’s non-detect drinking water standard for perchlorate.

In addition, such settlements resulted in a binding commitment by Emhart to implement the interim U.S. Environmental Protection Agency Remedy (“EPA Remedy”) to clean up a portion of the plume emanating from the 160-Acre Area located in the eastern portion of the former RABSP Area. Emhart plans to integrate the EPA Remedy with the Regional Board Remedy by expanding the existing County treatment plant and installing up to two additional groundwater extraction wells and associated piping that will connect to the treatment plant. As part of this combination of the EPA and Regional Board Remedies, a portion of the water from the treatment plant will go to the City of Colton (“Colton”). Emhart will also pay for and install a pipeline connecting Rialto’s water distribution system to Colton’s water distribution system. The Regional Board Remedy is estimated to cost \$50 million and will take approximately 25 years to complete. The EPA Remedy is estimated to cost \$40 million and will take approximately 30 years to complete. Emhart estimates that it will commence construction of the EPA Remedy in the fall of 2014.

U.S. EPA entered into a separate settlement with the Goodrich Corporation (“Goodrich”) regarding the Site, which requires Goodrich to conduct additional soil and groundwater investigation activities and to implement a final remedy for the Basin that EPA will propose and select in the future.

Delhi Sands Flower-Loving Fly

The Delhi Sands flower-loving fly (*Rhapiomidas terminatus*) (the “Delhi Sands Fly”) occurs within portions of the Merged Project Area, and is listed as an endangered species under the federal Endangered Species Act. In 1997 the U.S. Fish and Wildlife Service issued a recovery plan for the Delhi Sands Fly, which identified certain populations of the Delhi Sands Fly for protection. The recovery plan is advisory in nature and does not require any party or governmental agency to undertake any specific conservation actions.

Proposed development projects located within area designated as containing Delhi Sands soil must request and receive written clearance from the United States Fish and Wildlife Service (the “USFWS”) prior to obtaining City land use entitlements. In most instances, property owners within the designated Delhi Sands soil areas must conduct and submit two years of biological studies to the USFWS for review prior to the release of development entitlements. If a Delhi Sands Fly is found on the property, the Service requires a federal “Take” permit under Section 7 or Section 10 of the Environmental Protection Act. As a condition of the permit, the property owner is often required to mitigate the impact upon the Delhi Sands Fly habitat by dedicating land and making other payments to help preserve habitat, either on or off-site, for the Delhi Sands Fly. The cost of these mitigation measures in many instances can make development financially infeasible.

The Successor Agency believes that the federal restrictions imposed on properties within the Delhi Sands area have clearly impeded development and the need for case-by-case review of development proposals that impact Delhi Sands Fly habitat has added uncertainty to the development process and has had the effect of slowing development in these areas.

To help eliminate development uncertainty within this area, the City has commissioned the preparation of a Habitat Conservation Plan (the “HCP”) to determine suitable actions for the conservation of the Delhi Sands Fly. This HCP has been submitted to the U.S. Fish and Wildlife Service for review.

Of the approximately 2,000 acres that comprise the Agua Mansa and Gateway constituent project areas, approximately 300 acres are identified in the Habitat Conservation Plan as areas suitable for Delhi Sands Fly conservation, primarily within the former Agua Mansa Project Area, but also a small portion within the former Gateway Project Area. The Successor Agency cannot predict the degree to which the presence of the Delhi Sands Fly will affect future development in the affected portion of the Merged Project Area, but the approval of the Delhi Sands Fly HCP by the USFWS will provide some certainty as to how certain portions of the project area may be developed in the future. The Successor Agency is actively negotiating with the USFWS for a HCP. The loss of redevelopment funding after the Dissolution Act, however, may negatively impact the Successor Agency’s ability to implement the HCP.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other

property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, *ad valorem* taxes are collected by a county (the “Taxing Authority”) for the benefit of the various entities (cities, schools and special districts) that share in the *ad valorem* tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

Collections. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The Taxing Authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Merged Project Area, pledged Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be

deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. The County’s administrative charge to the Predecessor Agency and Successor Agency, together with certain charges relating to the dissolution of the Predecessor Agency were as shown in the table below for Fiscal Years 2012-13 and 2013-14. The SB 2557 charges were 0.51% of Adjusted Gross Revenue for Fiscal Year 2013-14. SB 2557 charges are projected by the Fiscal Consultant to continue to be 0.51% of Adjusted Gross Revenue in future years. The Fiscal Consultant has not projected the Dissolution Act Administrative Costs since these will be based on the actual time taken by the County Auditor-Controller staff in any given year and cannot be reasonably projected.

<u>Fiscal Year</u>	<u>RPTTF Allocation</u>	<u>Dissolution Act Admin. Cost</u>	<u>SB 2557 Costs</u>	<u>Total County Admin.</u>	<u>Totals by Fiscal Year</u>
2012-13	Jan. 2013 (ROPS 3)	\$93,779		\$ 93,779	\$270,248
	June 2013 (ROPS 13-14A)	48,877	\$127,592	176,469	
2013-14	Jan. 2014 (ROPS 13-14B)	64,623		64,623	274,298
	June 2014 (ROPS 14-15A)	50,585	159,090	209,675	

Source: HdL Coren & Cone.

Statutory Pass-Through Amounts. The payment of statutory pass-through amounts results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the Successor Agency’s oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule” and “RISK FACTORS – Recognized Obligation Payment Schedule.”

Unitary Property

Assembly Bill (“AB”) 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive that same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro-rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro-rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies chapter 1457 regarding the distribution of tax revenues derived from property assessed by the SBOE. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

Article XIII A of the State Constitution

Article XIII A limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” of such property, as determined by the county assessor. Article XIII A defines “full cash value” to mean “the County Assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value,’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” Furthermore, the “full cash value” of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional *ad valorem* taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchase” and “change of ownership,” for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature’s action, the growth of property tax revenues may decline.

Legislation enacted by the Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIII B

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment Successor Agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an Successor Agency of proceeds of taxes levied by or on behalf of an Successor Agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Articles XIII C and XIII D of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See also “– Propositions 218 and 26” below.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Predecessor Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner’s property by filing a written application, in a form prescribed by the SBOE, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner’s property in any one year must submit an application to the County Assessment Appeals Board (the “Appeals Board”). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor’s Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of

comparable values that the property continues to be overvalued (known as “ongoing hardship”), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the “base year” value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for “ongoing hardship” in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See “THE MERGED PROJECT AREA” for information regarding the assessed valuations of the largest taxpayers.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. The Successor Agency cannot guarantee that reductions undertaken by the County Assessor or requested by a property owner pursuant to Proposition 8 will not in the future reduce the assessed valuation of property in the Merged Project Area and, therefore, pledged Tax Revenues that secure the Bonds.

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIC and XIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIIC of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. Pledged Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Article XIII A, Article XIIB, Article XIIC and Article XIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency’s ability to expend revenues.

TAX MATTERS

General

In the opinion of Aleshire & Wynder, LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State personal income taxes. A copy of the proposed opinion of Bond Counsel is set forth in APPENDIX B.

The Internal Revenue Code of 1986 (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Successor Agency has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be includable in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being includable in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the value of, or the tax status of interest on the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel observes, however, that interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income.

Prospective purchasers of the Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest with respect to the Bonds, (ii) interest with respect to the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income, including interest with respect to the Bonds, may be subject to federal income taxation under Section 1375 of the Code for subchapter S corporations having subchapter C earnings and profits at the close of the taxable year and gross receipts more than 25% of which constitute passive investment income, and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Bond (other than a purchaser who holds such Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Bond constitutes “original issue premium” for purposes of federal income taxes and State personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as the interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Bond and the basis of such Bond acquired at such initial offering price by an initial purchaser of each such Bond will be increased by the

amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of such Bonds who purchase such Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds. All holders of such Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Bond based on the purchaser's yield to maturity in such Bond, except that in the case of such a Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond. A purchaser of such a Bond is required to decrease his or her adjusted basis in such Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Bond, and with respect to the state and local tax consequences of owning and disposing of such a Bond.

Certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Bond or the interest payable with respect thereto if any change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from federal gross income, and is exempt from State personal income taxes, the ownership or disposition of the Bonds, and the accrual or receipt of interest on the Bonds may otherwise affect an Owner's state or federal tax liability. The nature and extent of these other tax consequences will depend upon each Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. There can be no assurance that such future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax exempt status or market price of the Bonds.

Internal Revenue Service Audit of Tax-Exempt Issues

The Internal Revenue Service ("IRS") has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar obligations).

Information Reporting and Backup Withholding

Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$18,882,651.96 (being the principal amount of the Bonds of \$16,515,000 plus an original issue premium of \$2,465,434.25 and less an underwriter's discount of \$97,782.29). The Underwriter will purchase all of the Bonds if any are purchased.

The Underwriter may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at a level above that which may otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereto, and said public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The Successor Agency has retained the Financial Advisor in connection with the authorization, issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, an independent certificated public accountant, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the Underwriter, relating to the sufficiency of monies deposited into the Escrow Fund created under the Escrow Agreement to redeem all of the outstanding Refunded Bonds on the Redemption Date.

The report of the Verification Agent, will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report.

LITIGATION

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

With respect to California successor agencies and the Dissolution Act in general, the Syncora Lawsuit was filed on August 12, 2012. Syncora alleged that the Dissolution Act, and specifically the “Redistribution Provisions” (including California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation. On August 16, 2013, the parties filed with the Court a proposed stipulated judgment which dismisses Syncora’s impairment of contract claims and takings claims without prejudice on grounds of prematurity. See “RISK FACTORS – Future Implementation of the Dissolution Act.”

RATINGS

The Insured Bonds are expected to be assigned an insured rating of “AA” (stable outlook) by Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services, LLC Company (“S&P”) upon the issuance of the Policy by the Bond Insurer. The Bonds have also been assigned an underlying rating of “A” by S&P. The ratings reflect only the view of S&P as to the credit quality of the Bonds, and explanation of the significance of the ratings may be obtained from S&P. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated as of September 1, 2014 (the “Continuing Disclosure Agreement”), by and between the Successor Agency and Willdan Financial Services as Dissemination Agent, the Successor Agency has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency not later than March 31 following the end of the Successor Agency’s Fiscal Year (which Fiscal Year presently ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year 2013-14, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events, if any, will be filed by the Successor Agency or its agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of certain enumerated events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

As of the date hereof, the Successor Agency is in compliance in all material respects with its continuing disclosure undertakings for the last five years; however, due to an administrative oversight, (1) certain audited financial statements with respect to Fiscal Years 2008-09, 2011-12, and 2012-13, were not timely filed; (2) certain annual reports for Fiscal Years 2011-12 and 2012-13 did not include all content required by the applicable disclosure undertaking; and (3) certain notices of listed events relating to changes in the ratings of certain of the Successor Agency's then outstanding obligations were not timely filed. The Successor Agency has filed the audited financial statements which were not timely filed, has filed supplemental annual reports to correct the applicable omissions, and has filed listed event notices that were not timely filed in connection with rating changes on certain of its outstanding obligations. The Successor Agency has established processes to ensure it will continue to timely file complete annual reports and listed event notices in the future.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Bonds is subject to the approving opinion of Bond Counsel, to be delivered in substantially the form set forth in APPENDIX B. Certain legal matters also will be passed on by Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright, Disclosure Counsel to the Successor Agency, and Jones Hall, A Professional Law Corporation, California, as Underwriter's Counsel.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement by its Executive Director has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF RIALTO

By: _____ /s/ Mike Story
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of the provisions of the Indenture, and is supplemental to the summary of other provisions of such documents described elsewhere in this Official Statement. This summary does not purport to be comprehensive or definitive, and reference should be made to such document for full and complete statements of its provisions. All capitalized terms used but not otherwise defined in this Appendix shall have the meanings assigned to such terms in the Indenture.

Definitions

“Added Territory” means the territory added to the Project Area by Ordinance 1333, adopted July 2, 2002.

“Agency” means the Successor Agency to the Redevelopment Agency of the City of Rialto, a public body, duly organized and existing under and pursuant to the Law.

“Annual Debt Service” means, for each Bond Year, the sum of (1) the interest falling due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (2) the principal amount of the Outstanding Bonds payable by their terms in such Bond Year.

“BAM” or “Insurer” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Bond Year” means the period of twelve consecutive months ending on September 1 in any year in which any Bond has not yet been retired and cancelled, provided that the first Bond Year shall commence on the date of issuance of the Bonds and end on the next September 1.

“Bonds” means the Successor Agency to the Redevelopment Agency of the City of Rialto Tax Allocation Revenue Refunding Bonds (Merged Project Area) 2014 Series A.

“Business Day” means a day of the year that is not a Saturday or Sunday, or a day on which banking institutions located in the State of California or the Federal Reserve system are required or authorized to remain closed.

“Certificate of the Agency” means an instrument in writing signed by the Chair, Vice Chair, Executive Director, Assistant Executive Director, Deputy Executive Director, or Treasurer of the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

“City” means the City of Rialto, California.

“Closing Date” or “Date of Delivery” means the date on which the Bonds are delivered by the Agency to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986.

“Consultant’s Report” means a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including: (a) a statement that the person or firm making or giving such report has read the pertinent provisions of the Indenture to which such report relates; (b) a brief statement as to the nature and scope of the

examination or investigation upon which the report is based; and, (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of the Closing Date, executed by the Agency and the Dissemination Agent thereunder.

“Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in the Indenture, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, or such other address specified by the Trustee from time to time.

“Costs of Issuance” means all the costs of executing and delivering the Bonds, including, but not limited to, Agency administrative costs and expenses directly attributable to the issuance of the Bonds, all printing and document preparation expenses in connection with the Indenture, the Bonds, and the Official Statement pertaining to the Bonds; rating agency fees; verification agent fees; fiscal consultant fees and expenses and redevelopment consultant fees and expenses; market study fees; legal fees and expenses of counsel with respect to the issuance of the Bonds and the Preliminary and final Official Statement; any accounting, computer and other expenses incurred in connection with the Bonds; the initial fees and expenses of the Trustee and its counsel and any paying agent (including, without limitation, origination or acceptance fees and first annual fees payable in advance); costs and fees relating to any bond insurance policy and/or reserve policy, and other fees and expenses incurred in connection with the execution and delivery of the Bonds, including amounts to reimburse the Agency for advances made for any of the foregoing, to the extent such fees and expenses are approved by the Agency.

“Costs of Issuance Fund” refers to the fund by that name created pursuant to the Indenture.

“County” refers to the County of San Bernardino, California.

“County Collection Fee” means the fee collected by the County of San Bernardino as tax collector from Gross Tax Revenues.

“Defeasance Securities” means:

- (a) cash;
- (b) non-callable direct obligations of the United States of America (“Treasuries”);
- (c) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank of trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated;
- (d) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively; or
- (e) securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof.

“Department of Finance” or “DOF” means the Department of Finance of the State of California.

“Depository” or “Securities Depository” means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository pursuant to the Indenture.

“DTC” means The Depository Trust Company, New York, New York, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a Request of the Agency delivered by the Agency to the Trustee, and its successors and assigns.

“Escrow Agreement” means that certain Escrow Deposit Agreement, dated as of September 1, 2014, by and among the Agency and the Trustee, acting as Escrow Bank thereunder.

“Events of Default” means any of the events described in the Indenture.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Federal Securities” means any direct, non-callable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means the period commencing on July 1 each year and terminating on the next succeeding June 30 or any other annual accounting period selected and designated by the Agency as its Fiscal Year in accordance with the Law and identified in writing by the Agency to the Trustee.

“Gross Tax Revenues” means taxes for each Bond Year (including all payments and reimbursements, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Agency pursuant to the Redevelopment Law as provided in the Redevelopment Plan.

“Holder” or “Owner” means the registered owner of any Outstanding Bond.

“Housing Bonds” means the (i) 2005 Series B Bonds, (ii) the 2008 Series B Bonds, and (iii) any bonds issued to refund such 2005 Series B Bonds, 2008 Series B Bonds, or other refunding bonds thereof, similarly secured by amounts which, prior to the adoption of the Law, were required to be deposited into the Redevelopment Agency’s low and moderate income housing fund pursuant to Sections 33334.2, 33334.3, and 33334.6 of the Redevelopment Law.

“Housing Fund” or “Low and Moderate Income Housing Fund” means the Low and Moderate Income Housing Fund, established and held by the Redevelopment Agency pursuant to Section 33334.3 of the Redevelopment Law.

“Housing Indentures” means, collectively, (i) the Indenture of Trust, dated as of June 1, 2005 by and between the dissolved Redevelopment Agency and the Trustee in relation to the 2005 Series B Bonds, (ii) the Indenture of Trust, dated as of April 1, 2008 by and between the dissolved Redevelopment Agency and the predecessor Trustee in relation to the 2008 Series B Bonds, or any agreement governing the terms of Housing Bonds.

“Housing Obligation” means all moneys required pursuant to the Housing Indentures, or such similar provision of any document for annual debt service on Housing Bonds.

“Housing Set-Aside” means that portion of Gross Tax Revenues previously required under Section 33334.2 or 33334.6 of the Redevelopment Law to be deposited in the Housing Fund.

“Indenture” means the Indenture of Trust, dated as of September 1, 2014 between the Agency and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Indentures executed pursuant to the provisions thereof.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed by or acceptable to the Agency, and who, or each of whom: (a) is in fact independent and not under the domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other audits or reports to the Agency.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed by or acceptable to the Agency, who has engaged in the municipal financial consulting business in each of the three (3) calendar years immediately preceding the date of such appointment and who, or each of whom: (a) is in fact independent and not under the domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency or in the Bonds; and (c) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

“Independent Redevelopment Consultant” means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies or successor agencies, appointed by or acceptable to the Agency who has engaged in such consulting business in each of the three (3) calendar years immediately preceding the date of such appointment, and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Information Services” means Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other services providing information with respect to the redemption of Bonds as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

“Insured Obligations” shall mean the Bonds with maturities of September 1, 2022 through September 1, 2027, which Bonds are insured by BAM under the Policy.

“Interest Account” means the account by that name created pursuant to the Indenture.

“Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2015.

“Investment Earnings” means all interest earned and any gains and losses on the investment of moneys in any fund of account created by the Indenture, including dividends and other earnings.

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Law” means Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended.

“Maximum Annual Debt Service” shall mean, as of any date of calculation, the largest Annual Debt Service for the current or any future Bond Year following the anticipated issuance of the Bonds.

“Moody’s” means Moody’s Investors Service of New York, New York, and its successors.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to the Indenture.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Bonds.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

“Parity Debt” means the 2005 Series A Bonds, 2005 Series C Bonds, 2008 Series A Bonds, 2008 Series C Bonds, and any bonds, notes, interim certificates, debentures or other obligations or evidences of indebtedness issued by the Agency payable from Tax Revenues on a parity with the Bonds as permitted by the Indenture.

“Pass-Through Agreements” means each of the agreements referenced in Exhibit B of the Indenture which, according to its terms, has a lien on Gross Tax Revenues senior to that of the Bonds.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is

entitled to rely on written investment direction of the Agency as a determination that such investment is a legal investment):

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G”, “AAAm”, or “AAm”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2;

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements, which are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody’s or S&P;

(h) commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(j) bank deposits, bank money-market funds, federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” and better by Moody’s and “A-1” or “A” or better by S&P;

(k) repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation which are rated “A” or better by Moody’s and S&P, or (B) a bank rated “A” or better by Moody’s and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral; (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds;

(l) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, and (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan.

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

“Policy Costs” shall mean repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate.

“Principal Account” means the account by that name created pursuant to the Indenture.

“Project” means the undertaking of the Agency pursuant to the Redevelopment Plan and the Redevelopment Law for the redevelopment of the Project Area.

“Project Area” means the Project Area described and defined in the Redevelopment Plan.

“Recognized Obligation Payment Schedule” or “ROPS” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Law.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to Section 34170.5(b) of the Law and administered by the Agency.

“Redevelopment Plan” means the Redevelopment Plan for the Industrial Redevelopment Project, adopted on July 7, 1979, by City Ordinance No. 782 and amended on December 6, 1994 by Ordinance No. 1224 and on July 2, 2002 by Ordinance No. 1332, the Redevelopment Plan for the Gateway Redevelopment Project, adopted on December 17, 1985, by City Ordinance No. 945 and amended on December 6, 1994 by Ordinance No. 1224 and on July 2, 2002 by Ordinance No. 1332, the Redevelopment Plan for the Agua Mansa Redevelopment Project, adopted on July 19, 1988, by City Ordinance No. 1037 and amended on December 6, 1994 by Ordinance No. 1224 and on July 2, 2002 by Ordinance No. 1332, and the Redevelopment Plan for the Central Business District Redevelopment Project, adopted on June 5, 1990, by City Ordinance No. 1101 and amended on December 6, 1994 by Ordinance No. 1224 and on July 2, 2002 by Ordinance No. 1332, as all of which have been amended to form the Project Area and to add the Added Territory to the Project Area pursuant to an amendment adopted on July 2, 2002 by Ordinance No. 1333, and amended on April 19, 2004 by Ordinance No. 1348, and on April 5, 2005 by Ordinance No. 1370, together with any amendments thereof duly enacted.

“Redevelopment Property Tax Trust Fund” means the fund by that name established pursuant to Section 34170.5(a) of the Law and administered by the auditor controller of the County of San Bernardino.

“Refunding Bonds” means any bond issued for the purpose of refunding all or part of the Parity Debt, or refunding bonds thereof.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Report” means a document in writing signed by an Independent Accountant or an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based;

and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable such person or firm to express an informed opinion with respect to the subject matter referred to in the Report.

“Request of the Agency” means a request in writing signed by the Chair, Executive Director, Treasurer or Secretary, on behalf of the Agency, or any other officer of the Agency duly authorized by the Agency for that purpose.

“Reserve Account” means the account by that name created pursuant to the Indenture.

“Reserve Policy” shall mean the Municipal Bond Debt Service Reserve Insurance Policy, issued by BAM.

“Reserve Requirement” means, in respect of any Bond Year as computed by the Agency, the least of (i) 10% of the original proceeds (within the meaning of section 148 of the Code) of the Bonds as of the Closing Date, (ii) 125% of the average Annual Debt Service as of the Closing Date, or (iii) the Maximum Annual Debt Service.

“SB 2557 Fee” means the administrative fee collected by the County from Gross Tax Revenues pursuant to SB 2557.

“School District” means the Rialto Unified School District.

“School District Cooperative Agreement” means the Cooperative Agreement, dated as of March 1, 2008, by and between the Redevelopment Agency and the School District.

“School District Pass-Through Agreement” means the Agreement for Payments in Lieu of Taxes between the School District and the Redevelopment Agency, dated July 18, 1989, as amended by Amendment No. 1 thereto, dated July 15, 2003, and as amended from time to time.

“Special Fund” means the fund by that name, established pursuant to the Indenture.

“S&P” or “Standard & Poor’s” means Standard & Poor’s Financial Services LLC and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Successor Agency.

“State” means the State of California.

“Supplemental Indenture” means any indenture then in full force and effect that has been duly executed and delivered by the Agency and the Trustee, amendatory of or supplemental to the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Revenues” means all of the Gross Tax Revenues remaining after (i) provision has been made for the payment of the Housing Set-Aside, (ii) payment, or provision for the payment, of amounts required to be paid pursuant to the Pass-Through Agreements (including payments under the School District Pass-Through Agreement as modified by the School District Cooperative Agreement), (iii) payment, or provision for the payment made to the County of San Bernardino of the SB 2557 Fee and the County Collection Fee, (iv) payment or provision for the payment of amounts reserved to taxing entities under Section 33607.5 or 33607.7 of the Redevelopment Law (including such payments to the School District made pursuant to the School District Cooperative Agreement), or any other payments under other

provisions of the Redevelopment Law that have not been subordinated to debt service payments on the Bonds.

Tax Revenues additionally include monies deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in (a) paragraph (2) of subdivision (a) of Section 34183 of the Law, and (b) paragraph (1) of subdivision (a) of 34183 of the Law, excluding amounts that have not been subordinated to debt service payments on the Bonds pursuant to Section 34177.5(c). If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution and as limited or otherwise provided for in the Indenture.

Pursuant to the Law, Gross Tax Revenues are no longer required to be deposited in the Housing Fund previously established pursuant to Section 33334.3 of the Redevelopment Law (the "Prior Housing Deposit"). Accordingly, Tax Revenues shall be reduced by the amount not greater than the portion of the Prior Housing Deposit required to pay Housing Obligations.

"Trustee" means MUFG Union Bank, N.A., or any other financial institution that may at any time be substituted in its place as provided in the Indenture.

"2005 Series A Bonds" means the \$25,320,000 original principal amount Redevelopment Agency of the City of Rialto Tax Allocation Bonds (Merged Project Area) 2005 Series A.

"2005 Series C Bonds" means the \$19,870,000 original principal amount Redevelopment Agency of the City of Rialto Tax Allocation Bonds (Merged Project Area) 2005 Series C (Taxable).

"2008 Series A Bonds" means the \$42,185,000 original principal amount Redevelopment Agency of the City of Rialto Tax Allocation Bonds (Merged Project Area) 2008 Series A.

"2008 Series C Bonds" means the \$21,965,000 original principal amount Redevelopment Agency of the City of Rialto Tax Allocation Bonds (Merged Project Area) 2008 Series C (Taxable).

"Written Request of the Agency" means an instrument in writing signed by the Chair, Vice Chair, Executive Director, Assistant Executive Director, Deputy Executive Director, or Treasurer of the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

Issuance of Additional Bonds

Conditions for the Issuance of Refunding Bonds. The Agency shall not issue Parity Debt except for Parity Debt constituting Refunding Bonds. The Agency may issue Refunding Bonds on a parity with the Bonds and any Parity Debt subject to the following specific conditions, which, pursuant to the Indenture, are conditions precedent to the issuance of any such Refunding Bonds: (a) The documents authorizing the Refunding Bonds shall provide that: (1) Interest is payable on March 1 and September 1 in each year of the term of such Refunding Bonds except the first twelve-month period, during which interest may be payable on either March 1 or September 1; (2) The principal of such Refunding Bonds is payable only on September 1 in any year; and (3) The final maturity of any Refunding Bonds does not exceed the final maturity of the Bonds being refunded. (b) Annual debt service on the Refunding Bonds shall be lower than annual debt service on the Bonds being refunded during every year the Refunding Bonds will be outstanding.

No Additional Debt Secured by Housing Set-Aside. The Agency agrees in the Indenture not to issue any additional bonds, debt or other obligations secured by the Housing Set-Aside, except for the purpose of refunding all or a portion of the Housing Bonds in accordance with the Law.

Subordinate Debt. Nothing contained in the Indenture limits the Agency from incurring any indebtedness secured by the Tax Revenues and wholly subordinate to the Bonds.

Pledge of Tax Revenues; Special Fund

The Bonds and all Parity Debt shall be secured by a first lien on and pledge of all of the Tax Revenues equal to Annual Debt Service on the Bonds and annual debt service required for Parity Debt, as provided in the respective Parity Debt document. The Bonds are also secured by a first lien on and security interest in all moneys in the Special Fund held by the Trustee pursuant to the Indenture and in the funds or accounts so specified and provided for in the Indenture. An amount of Tax Revenues equal to Annual Debt Service on the Bonds for each Bond Year plus the amount, if any, necessary to restore the balance in the Reserve Account to the Reserve Requirement shall, so long as any Bonds shall be outstanding under the Indenture, be transferred when and as received by the Agency to the Trustee and deposited in the Special Fund, which is created under the Indenture and which fund the Trustee covenants and agrees to maintain.

Receipt and Deposit of Tax Revenues

The Agency covenants and agrees that Tax Revenues equal to Annual Debt Service on the Bonds for each Bond Year plus the amount, if any, necessary to restore the balance in the Reserve Account to the Reserve Requirement, when and as received, will be received by the Agency in trust under the Indenture and transferred to the Trustee to be deposited in the Special Fund held under the Indenture by the Trustee and accounted for through and held in trust in the Special Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as in the Indenture provided. All such Tax Revenues, whether received by the Agency in trust or deposited with the Trustee, all as in the Indenture provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes in the Indenture set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

Establishment and Maintenance of Accounts for Use of Money in the Special Fund.

All moneys in the Special Fund held by the Trustee shall be set aside in the following respective special accounts within the Special Fund (each of which is created and each of which the Agency covenants and agrees to cause to be maintained with the Trustee), in the following order of priority:

- (a) Interest Account;
- (b) Principal Account; and
- (c) Reserve Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes and in the priority authorized in the Indenture.

Interest Account. At least five (5) business days prior to March 1 and September 1 of each year, commencing on the date set forth in the Indenture, the Trustee shall set aside from the Special Fund and deposit in the Interest Account an amount of money that, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the

next succeeding Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds as it shall become due and payable (including accrued interest on any Outstanding Bonds purchased or redeemed prior to maturity).

Principal Account. At least five (5) days prior to September 1 of each year, commencing on the date set forth in the Indenture, the Trustee shall set aside from the Special Fund and deposit in the Principal Account an amount of money that, together with any money contained therein, is equal to the aggregate amount of the principal of all Outstanding Bonds becoming due and payable on the next succeeding principal payment date. In the event that there shall be insufficient money in the Special Fund to make in full all such principal payments required to be made pursuant to the Indenture at any one time, then the available money shall be applied pro rata to the making of such principal payments in the proportion which all such principal payments bear to each other.

No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the payment of principal of all Outstanding Bonds to be paid on the next succeeding principal payment date.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Bonds as it shall become due and payable.

Reserve Account. The Reserve Account shall initially be funded by the Reserve Policy. On or before September 1 of each year, commencing September 1, 2015, the Trustee shall set aside from the Special Fund and deposit in the Reserve Account the amount of money, if any, that is necessary to restore the balance in the Reserve Account to the full amount of the Reserve Requirement based upon the market value of the cash and securities held in the Reserve Account on or before such September 1. No deposit need be made in the Reserve Account so long as there shall be on deposit therein a value not less than the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account and the Principal Account, in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums and price upon mandatory redemption, if any, on the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding. For so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the amount required by this paragraph to be on deposit therein shall, unless otherwise directed in a Written Request of the Agency, be withdrawn from the Reserve Account by the Trustee and transferred to the Special Fund on or before March 1 and September 1 of each year.

Notwithstanding any provision of the Indenture to the contrary, all or any portion of the Reserve Requirement for the Bonds may be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit or other comparable credit facility (collectively referred to in the Indenture as a "Credit Facility"), or a combination thereof, which, together with moneys on deposit in the Reserve Account, provide an aggregate amount equal to the Reserve Requirement; provided, that the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility must be rated in one of the two highest rating categories by Moody's Investors Service or S&P, without regard to modifier, at the time of delivery of such credit facility. Upon deposit of a surety bond, a letter of credit or other comparable credit facility, or a combination thereof, the Trustee shall transfer any excess amounts then on deposit in the Reserve Account into a segregated account of the Special Fund, which monies shall be applied at the written direction of the Agency, either (i) to the payment within one year of the date of transfer of capital expenditures of the Agency permitted by law, or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted by the Indenture, and pending such

application shall be held either not invested in investment property (as defined in section 148(b) of the Code), or invested in such property to produce a yield that is not in excess of the yield on the Bonds; provided, however, that the Agency may by written direction to the Trustee cause an alternative use of such amounts if the Agency shall first have obtained a written opinion of nationally recognized bond counsel substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103 of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

On or after September 2 of each year, commencing September 2, 2015, after transfer of moneys to the Reserve Account necessary to restore the balance in the Reserve Account to the Reserve Requirement, all moneys in the Special Fund and the accounts therein shall, upon the Written Request of the Agency, be transferred to the Agency to be used by the Agency for any lawful purposes. Notwithstanding the foregoing, any moneys available for transfer to the Agency pursuant to the Indenture shall, upon the Written Request of the Agency, be used by the Trustee to purchase Outstanding Bonds at such prices as shall be specified in writing by the Agency.

Other Funds and Accounts

Bond Proceeds Fund. There is created under the Indenture a Bond Proceeds Fund, into which the proceeds of the Bonds shall be deposited and transferred to the Costs of Issuance Fund, the Reserve Account, and to the Escrow Fund. Upon completing such transfers, the Bond Proceeds Fund shall close.

Redemption Fund. The Agency may at any time transfer moneys to the Trustee for deposit into the Redemption Fund for the purpose of redeeming Bonds in accordance with the terms of the Indenture. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in the Indenture for optional redemption of Bonds, at the next succeeding date of redemption for which notice can be timely given and at the redemption prices then applicable to redemptions from the Redemption Fund; provided that, at any time prior to selection of Bonds for redemption, the Trustee upon Written Request of the Agency shall apply such amounts to the purchase of Bonds by the Agency at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed by the Agency, except that the Agency shall not direct such purchase if the purchase price (exclusive of accrued interest) exceeds the redemption price (inclusive of premium, if any) of such Bonds. One or more Supplemental Indentures may provide for the establishment of subaccounts within the Redemption Fund for the redemption or purchase of Bonds of a particular Series from moneys allocable to such Series and required by a Supplemental Indenture to be deposited into such subaccount

Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance upon receipt by the Trustee on the Closing Date of directions as to the payment of Costs of Issuance, and thereafter upon receipt by the Trustee of one or more Written Requests of the Agency (which may be in the form of a facsimile or sent via electronic mail) stating the name of the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Costs of Issuance Fund. On the date that is 180 days after the date of issuance of the Bonds, or earlier upon receipt of a Written Request of the Agency therefor, the Trustee shall transfer any moneys then remaining in the Costs of Issuance Fund to the Special Fund to be used as provided in the Indenture, and the Costs of Issuance Fund will be closed.

Deposit and Investment of Moneys in Funds and Accounts

All money held by the Trustee in any of the accounts or funds established pursuant to the Indenture shall be invested in Permitted Investments at the Written Request of the Agency (which may be

in the form of a facsimile or electronic mail). Investments purchased with funds on deposit in the Reserve Account shall have an average aggregate weighted term to maturity not greater than five years; provided, however, Permitted Investments described in clause (g) of the definition thereof that allow for withdrawal at par and without penalty may have an aggregate weighted term to maturity of greater than five years. The Trustee may commingle the funds and accounts established under the Indenture for investment purposes, but shall nevertheless account for each separately. In the absence of written investment instructions from the Agency, the Trustee shall invest solely in Permitted Investments of the type set forth in clause (d) of the definition thereof. Subject to the terms of any Supplemental Indenture, all interest or profits received on any money held in any fund or account by the Trustee, other than the Reserve Account, shall be deposited and held in the Special Fund and transferred to the various subaccounts as provided in the Indenture. All interest and profits received on any money held in the Reserve Account shall be retained therein to the extent required to maintain the Reserve Requirement and, to the extent not so required, shall be deposited, when available, in the Special Fund. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of investments under the Indenture and shall be entitled to its customary fees therefor.

Valuation and Disposition of Investments

Except as otherwise provided in the next sentence, the Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued by the Agency (as of the date that valuation is required by the Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the Agency at their present value (within the meaning of section 148 of the Code).

Covenants of the Agency

Punctual Payment. The Agency will punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, in strict conformity with the terms of the Bonds and of the Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

The Agency will take all actions required under the Law to include on the Recognized Obligation Payment Schedules for each six-month period all payments to the Trustee to satisfy the requirements of the Indenture, including any amounts required under the Indenture to replenish the Reserve Account to the full amount of the Reserve Requirement with respect to the Bonds including, if applicable, all amounts payable to BAM as provider of the Reserve Policy.

Use of Proceeds. The Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in the Indenture.

Prohibition on Prior Debt. The Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, or enter into any other agreement payable from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues prior or superior to the lien of the Bonds authorized under the Indenture and the Agency represents that it does not have outstanding any bonded indebtedness which is secured by a lien on the Tax Revenues superior to the lien of the respective Bonds on the Tax Revenues. Except as permitted by the Indenture, the Agency will not issue any obligations or enter into any other agreement payable as to principal or interest or otherwise, from the Tax Revenues, which have, or purport to have, any lien upon the Tax Revenues on a parity with the Bonds authorized under the Indenture. The foregoing shall not prevent the Agency or the City (i) from issuing and selling pursuant to law, refunding obligations payable from the Tax Revenues on a parity with the

respective Bonds, if the proceeds thereof are sufficient for the purpose of refunding all or a portion of the Outstanding respective Bonds (subject to the Indenture), or (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the respective Bonds or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues; provided that no such issuance shall cause the Agency to violate the Law. "Obligations" includes without limitation bonds, notes, interim certificates, debentures, or other obligations.

Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Management and Operation of Properties. The Agency will manage and operate all properties owned by the Agency and constituting any part of the Project in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project or any part thereof, and will keep such properties insured at all times in conformity with sound business practice.

Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided that nothing in the Indenture contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

Books and Accounts; Financial and Project Statements. The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Project and the Redevelopment Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than ten per cent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

The Agency will prepare and file with the Trustee annually as soon as practicable, but in any event not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Bonds are Outstanding, an audited financial statement of the Agency relating to the Special Fund and all other funds or accounts established pursuant to the Indenture for the preceding Fiscal Year, prepared by an Independent Certified Public Accountant, showing the balances in each such fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such fund during such Fiscal Year and the balances in each such fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Agency has complied with the provisions of the Indenture as it relates to such funds. The Agency will furnish a copy of such audited financial statement to any Owner upon request, to the Trustee and to investment bankers, security dealers and others interested in the Bonds.

The Trustee has no duty or obligation to review such audited financial statements or summary statements filed with it pursuant to the Indenture.

Protection of Security and Rights of Owner s. The Agency will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

Payment of Taxes and Other Charges. Subject to the provisions of the Indenture, the Agency will pay and discharge all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Area, or upon the revenues therefrom, when the same shall become due; provided that nothing in the Indenture contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

Taxation of Leased Property. Whenever any property in the Project is redeveloped by the Agency subsequent to the Closing Date and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any real property in the Project to any person or persons for redevelopment, and in either event, such leased property comprises more than ten percent (10%) of the land area within the Project Area, the property shall be assessed and taxed in the same manner as privately owned property (in accordance with the Law), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease shall be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law, which such payments shall be treated as Tax Revenues and shall be deposited by the Agency in the Special Fund; provided, however, that this does not apply to finance leases between the Agency and the City or to any lessee which is a joint powers agency or a public entity formed to facilitate lease financings for the City.

Disposition of Property in Project Area. Except for housing owned by the Agency, the Agency will not authorize the disposition of any real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Redevelopment Plan in effect on the date of execution and delivery of the Indenture, or property to be used for public streets or public off-street parking facilities or easements or rights of way for public utilities, or other similar uses) if such dispositions, together with all similar prior dispositions on or subsequent to the effective date of the Indenture, shall comprise more than ten percent (10%) of the land area in the Project Area or if such dispositions would cause the Tax Revenues to fall below one hundred twenty percent (120%) of Maximum Annual Debt Service and maximum annual debt service with respect to all Parity Debt. If the Agency proposes to make any such disposition which, together with all similar dispositions on or subsequent to the effective date of the Indenture, shall comprise more than ten percent (10%) of the land area in the Project Area or more than ten percent (10%) of the total assessed valuation of property in the Project Area or if such dispositions would cause the Tax Revenues to fall below one hundred twenty percent (120%) of Maximum Annual Debt Service and maximum annual debt service with respect to all Parity Debt, it may appoint an Independent Redevelopment Consultant and direct such consultant to submit a Consultant's Report on the effect of such proposed disposition. If the Consultant's Report concludes that the taxes from the Project Area eligible for allocation to the Agency under the Law will not be materially reduced by such proposed disposition, the Agency may make such proposed disposition.

Amendment of Redevelopment Plan. The Agency shall comply with all terms of the Redevelopment Plan. If the Agency proposes to amend the Redevelopment Plan, and such amendment is permitted under the Redevelopment Law and the Law, it shall appoint an Independent Redevelopment

Consultant and direct such consultant to submit a Consultant's Report on the effect of such proposed amendment. If the Consultant's Report concludes that the taxes from the Project Area eligible for allocation to the Agency under the Redevelopment Law and the Law will not be materially reduced by such proposed amendment, the Agency may make such amendment. If the Consultant's Report concludes that the taxes from the Project Area eligible for allocation to the Agency under the Redevelopment Law and the Law will be materially reduced by such proposed amendment, the Agency shall not make such proposed amendment.

Tax Revenues; Pass-Through Agreements. The Agency shall not approve, execute or deliver any agreement, or approve, execute or deliver or otherwise agree to any amendment, modification or supplement to any of the Pass-Through Agreements or any other tax sharing agreements, which will reduce, or would have the effect of reducing, the Tax Revenues.

To the extent necessary to make the payments required under the Indenture, the Agency shall further comply with all requirements under the Redevelopment Law required for it to receive any allocation by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund which would have been received by the Agency under Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676 of the Redevelopment Law, as those sections read on January 1, 2011, or pursuant to any subordinate pass-through agreement between the Redevelopment Agency and a taxing entity that was entered into prior to January 1, 1994, and that would be in force during the respective Fiscal Year had the Redevelopment Agency not been dissolved and to the extent there are insufficient Tax Revenues to make the payments required pursuant to the Indenture and Parity Debt for each six month period. Such requirement shall include, without limitation, that the Agency report, no later than each December 1 and May 1, to the County Auditor-Controller that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations, are insufficient to fund the payments required by Section 34183(a)(1) to (4) of the Law in the next sixth month period, in order to allow the County Auditor-Controller to notify the Controller and the Department of Finance no later than 10 days from the date of that notification. The Agency shall also notify the County Auditor-Controller if the Agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688 or as expressly provided in a pass-through agreement entered into pursuant to Section 33401, made pass-through payment obligations subordinate to debt service payments required for servicing the Bonds and Parity Debt. The Agency shall also take such action as required to receive any pass through payment amounts subordinated to the Debt Service on the Bonds pursuant to Section 34177.5(c) to the extent there are insufficient payments to pay debt service on the Bonds and Parity Debt.

Further Assurances. The Agency will adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Continuing Disclosure. The Agency covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default under the Indenture; however, the Trustee at the written request of the Owners of at least 25% of the aggregate amount of Bonds then Outstanding shall (but only to the extent the Trustee has been indemnified to its satisfaction from any loss, liability, cost or expense whatsoever, including, without limitation, fees and expenses of its attorneys and additional fees and expenses of the Trustee), and any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this covenant. For purposes of this covenant, "Beneficial Owner"

means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Receipt of Tax Allocation Revenues. The Agency covenants that it will annually review the total amount of tax increment revenues remaining available to be received by the Agency under the Redevelopment Plan's cumulative tax increment limitations, as well as future cumulative Annual Debt Service and annual debt service with respect to Parity Debt. If, based on its reasonable projections of tax increment revenue receipts, the amount remaining under the Redevelopment Plan's cumulative tax increment limitations is expected to fall below the remaining cumulative Annual Debt Service and the annual debt service with respect to Parity Debt, the Agency shall include an amount of tax increment revenues as necessary in the next succeeding ROPS, or otherwise in accordance with the procedures set forth in the Law, and deposit such amount once received in escrow to be applied for Annual Debt Service or annual debt service with respect to outstanding Parity Debt, including optional redemption.

So long as BAM insures the Insured Obligations, the Agency shall not allow the amount of future cumulative Annual Debt Service and future cumulative annual debt service with respect to Parity Debt to exceed 95 percent of the Remaining Limitation Amount. The "Remaining Limitation Amount" shall be calculated as follows: (i) the aggregate amount of the tax increment revenues that are permitted to be collected under the Redevelopment Plan less (ii) the gross amount of tax increment revenues collected to July 1 of each Fiscal Year (each a "Remaining Limitation Amount Calculation Date"). The Agency shall calculate the Remaining Limitation Amount on or about the Remaining Limitation Amount Calculation Date and provide such calculation to BAM. If, on the Remaining Limitation Amount Calculation Date, 95 percent of the Remaining Limitation Amount is projected to be exceeded in any Fiscal Year, the Agency shall (a) promptly notify BAM of such fact in writing (b) redeem, in accordance with the optional redemption provisions of the Indenture, an amount of outstanding Bonds on or after September 1, 2024, or an amount of Parity Debt in accordance with the provisions and dates set forth in the applicable indenture for such Parity Debt, necessary in each Fiscal Year so that future cumulative Annual Debt Service and future cumulative annual debt service with respect to Parity Debt shall not exceed 95 percent of the Remaining Limitation Amount and (c) include all amounts necessary for the optional redemption as necessary in the next succeeding ROPS, or otherwise in accordance with the procedures set forth in the Law.

Notwithstanding the foregoing, if legislation is adopted by the legislature of the State of California eliminating the effective limit on the amount of taxes which can be allocated to the Agency pursuant to the Redevelopment Law and the Redevelopment Plan, or if a final non-appealable decision of a court of law with jurisdiction over these proceedings concludes that the Plan Limitations do not apply, or as otherwise determined to be legally permissible, the deposit of tax increment revenues in escrow required by the Indenture for the purpose of paying debt service on the Bonds and Parity Debt and any additional bonds or obligations superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds and Parity Debt shall no longer be required..

Tax Covenants. The Agency covenants that it shall not take any action, nor shall it use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income, of the owner thereof for federal income tax purposes.

Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations: (a) The Agency shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds

(and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Agency may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith. (b) Not less frequently than each Computation Date, the Agency shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Agency shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date. (c) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, within 60 days of each Computation Date the Agency shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Agency at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Agency. (d) The Agency further represents that these provisions have been complied with in regards to the 2003A Bonds.

Compliance with the Law. The Agency covenants that in addition to the covenants set forth in the Indenture, it will comply with all other requirements of the Law as it relates to the dissolution of redevelopment agencies. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and hold all public hearings required under the Law to assure compliance by the Agency with its covenants under the Indenture. Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Agency shall prepare and submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule, pursuant to which enforceable obligations of the Agency are listed including, with respect to the Bonds and any outstanding Parity Debt. The Agency shall take all actions necessary or advisable under the Dissolution Act to include on each applicable Recognized Obligation Payment Schedule all payments required under the Indenture and for Parity Debt, including without limitation (i) all amounts required under the Indenture and (ii) any amount necessary to cure a deficiency in the Reserve Account. The Recognized Obligation Payment Schedule submitted 90-days prior to each January 2 shall include the full amount of pledged Tax Revenues required to be deposited pursuant to the Indenture. In order to fulfil the obligation in the previous sentence, the Agency shall, to the extent necessary, include the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law, that are necessary to provide for the deposits required under the Indenture.

Pursuant to the Law, money in the Redevelopment Property Tax Trust Fund distributed to the Agency is deposited in the Redevelopment Obligation Retirement Fund of the Agency. Pursuant to the priority listed in Health and Safety Code Section 34183(a)(2)(A)-(C) and 34183(a)(3) or 34183(a)(4), Tax Revenues transferred by the County Auditor for deposit in the Redevelopment Obligation Retirement Fund on June 1 and January 2 of each year shall immediately be transferred to the Special Fund in accordance with the Indenture with respect to the Bonds and any Parity Debt.

In the event the Agency fails to timely file any ROPS relating to the Bonds for any period, the Agency designates the Indenture BAM as its attorney in fact with the power to file a ROPS with respect to the Bonds.

Provisions Relating to the Policy.

Cooperation with BAM. The Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by BAM and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Agency or any other matter as BAM may reasonably request.

Meet and Confer; ROPS Denial. The Agency shall provide BAM with copies of all ROPS submitted and any and all correspondence received from the DOF upon receipt to the extent such documents affect payment on the Bonds. In the event that the Agency is a party to a meet and confer with the DOF in a manner affecting payment of the Bonds, the Agency shall timely notify BAM and BAM shall have the right to participate in the meet and confer process either by appearance with the Agency at the meet and confer or through written submission as BAM determines in its discretion. In the event the Agency receives a ROPS denial, whether relating to the Bonds or not, and such denial could delay the receipt of Tax Revenue necessary to pay debt service or Administrative Costs (as defined in the Policy) relating to the Bonds, the Agency agrees to cooperate in good faith with BAM and BAM shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Agency and the DOF and to discuss such matters with the DOF directly.

BAM as Third Party Beneficiary. BAM is recognized as and shall be deemed to be an irrevocable third party beneficiary of the Indenture and may enforce the provisions of the Indenture as if it were a party thereto.

Notice and Other Information to be given to BAM. The Agency will identify BAM as a “notice party” and shall further provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the Owners of Bonds or the Trustee under the Indenture. BAM shall receive copies of all notices and amendments relating to the Bonds and Housing Bonds and subordinate bonds, if any.

Trustee. BAM shall receive prior written notice of any name change of the Trustee for the Bonds or the resignation, removal or substitution of the Trustee. Each Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing.

No resignation, removal or substitution of the Trustee shall take effect until a successor, acceptable to BAM, shall be qualified and appointed. BAM shall have the right to direct the replacement of the Trustee upon the occurrence of an event of a default on the Bonds and any event of default under any senior or subordinate obligations to the extent BAM determines in its sole discretion that there exists or could exist a conflict of interest.

Consent of BAM: Any amendments or supplements to the Indenture shall require the prior written consent of BAM in accordance with the Indenture, except for the following amendments or supplements:

- i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the Indenture or in any supplement thereto, or
- ii. To grant or confer upon the Owners of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners of the Bonds, or

iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Indenture other conditions, limitations and restrictions thereafter to be observed, or

iv. To add to the covenants and agreements of the Agency in the Indenture other covenants and agreements thereafter to be observed by the Agency or to surrender any right or power therein reserved to or conferred upon the Agency.

Consent of BAM in Addition to Owner Consent. Any amendment, supplement, modification to, or waiver of, any of the Indenture that requires the consent of Owners of the Bonds that adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

Notice To and Consent of BAM in the Event of Insolvency. To the extent the Agency enters into any reorganization or liquidation plan with respect to the Agency, it must be acceptable to BAM. In the event of any reorganization or liquidation of the Agency BAM shall have the right to file a claim, object to and vote on behalf of all Owners of the Bonds absent a continuing failure by BAM to make a payment under the Policy. The Agency shall provide BAM with immediate written notice of any insolvency event that causes the Agency to be unable to pay its obligations as and when they become due. In the event of a receivership or out-of-court restructuring, BAM shall have the right to negotiate and speak on behalf of and bind the Owner and any agreements reached must be acceptable to BAM.

Consent of BAM Upon Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, monetary or nonmonetary, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Bonds or the Trustee for the benefit of the Owners of the Bonds under the Indenture. No monetary or nonmonetary default or event of default may be waived without BAM's written consent.

BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole and exclusive owner of the Outstanding Insured Obligations for all purposes under the Indenture, including, without limitation, for purpose of approvals, consents, exercising remedies and approving agreements relating to the Insured Obligations.

Consent of BAM for Acceleration. BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in the Indenture to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other Owner of the Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the

material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

Payment Procedure Under the Policy. In the event that principal and/or interest due on the Insured Obligations shall be paid by BAM pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Agency to the registered Owners shall continue to exist and shall run to the benefit of BAM. and shall be subrogated to the rights and remedies of such registered Owners including, without limitation, any rights that such Owners may have in respect of securities law violations arising from the offer and sale of the Insured Obligations.

In the event that on the second (2nd) business day prior to any payment date on the Insured Obligations, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall notify BAM or its designee immediately upon receipt of payment.

In addition, if the Trustee has notice that any Owner of the Insured Obligations has been required to disgorge payments of principal of or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, then the Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Insured Obligations as follows:

- i. If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owners of the Insured Obligations in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective Owners in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and
- ii. If there is a deficiency in amounts required to pay principal of the Insured Obligations, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owner of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Obligations surrendered to BAM, (ii) receive as designee of the respective Owners in accordance with the tenor of the Policy payment therefore from BAM, and (iii) disburse the same to such Owners.
- iii. The Trustee shall designate any portion of payment of principal on Insured Obligations paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or

other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the Agency on any Insured Obligation or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Agency with respect to such Insured Obligations, and BAM shall become the owner of such unpaid Insured Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Agency and Trustee agree for the benefit of BAM that:

(y) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Insured Obligations, BAM will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Agency, with interest thereon, as provided and solely from the sources stated in the Indenture and the Insured Obligations; and

(z) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to Owners, and will otherwise treat BAM as the Owner of such rights to the amount of such principal and interest.

Additional Payments. The Agency agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Indenture ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Agency agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything in the Indenture to the contrary, the Agency agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Agency, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The Agency covenants and agrees pursuant to the Indenture that the BAM Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on parity with debt service due on the Insured Obligations.

Reserve Account. The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account. Amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Bonds.

Exercise of Rights by BAM. The rights granted to BAM under the Indenture and Bonds to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of BAM.

BAM shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Agency (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not BAM has received a claim upon the Policy.

Books and Records. The Agency and the Trustee and Paying Agent shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions and all funds and accounts by or maintained pursuant to the Indenture, which shall at all times during normal business hours and upon reasonable notice be subject to inspection by BAM or its agents or representatives who have been duly authorized in writing.

Provisions Relating to the Reserve Policy.

(a) The Agency shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the BAM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Reserve Account established for the Bonds shall be transferred to the Special Fund for payment of the debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Reserve Account credit instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. draws on all Reserve Account credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Account credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

- (b) Draws under the Reserve Policy may only be used to make payments on the Bonds.
- (c) If the Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect owners of the Bonds.
- (d) The Indenture shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The Agency's obligation to pay such amount shall expressly survive payment in full of the Bonds.
- (e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions the Indenture and provide notice to BAM at least three business days prior to each date upon which interest or principal is due on the Bonds.
- (f) The Reserve Policy shall expire on the earlier of the date the Bonds are no longer Outstanding and the final maturity date of the Bonds.

The Trustee.

MUFG Union Bank, N.A. shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Agency is required to deposit with the Trustee under the Indenture and for the purpose of allocating, applying and using such money as provided therein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment with the rights and obligations provided therein. The Agency agrees that it will at all times maintain a Trustee having a principal corporate trust office in San Francisco or Los Angeles, California.

Subject to provisions relating to BAM, the Agency may at any time, unless there exists any Event of Default as defined in the Indenture, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be a bank, corporation or trust company doing business and having a principal corporate trust office in San Francisco or Los Angeles, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authority. If such bank, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture the combined capital and surplus of such bank, corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Agency and by sending to the Owners notice of such resignation. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may at the expense of the Agency petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required in the Indenture.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be

a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under the Indenture, shall be the successor to the Trustee without the execution or filing of any paper or further act, notwithstanding anything contrary in the Indenture.

Actions by Trustee as Attorney-in-Fact

Any suit, action or proceeding which any Owner with respect to Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners with respect to Bonds, and the Trustee is appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners with respect to Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners with respect to Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; provided, however, the Trustee shall not be obligated to bring any such suit, action or proceeding or perform any other acts or things as such attorney in fact unless it has been indemnified to its satisfaction from any liability, cost or expense related thereto and such appointment shall be subject to all of the provisions of the Indenture, including, without limitation, provisions relating to the Trustee.

Amendment of the Indenture

Subject to the prior written consent of BAM, the Indenture and the rights and obligations of the Agency and of the Owners of the respective Bonds may be amended at any time (only if such amendment affects the Bonds), by a supplemental indenture, which shall become binding when the written consent of the Owners of sixty percent (60%) or more in aggregate principal amount of the respective Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in the Indenture of any Bond, without the express written consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds other than as provided for in the Indenture, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

Subject to the rights of the Insurer, the Indenture and the rights and obligations of the Agency and of the Owners of the respective Bonds may also be amended at any time, by a supplemental indenture, which shall become binding upon execution and delivery, without the consent of any Owners thereof, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to surrender any right or power in the Indenture reserved to or conferred upon the Agency;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not adversely affect the interest of the Owners; or

(c) To provide for the issuance of any Parity Debt, and to provide the terms and conditions under which such Parity Debt may be issued, subject to and in accordance with the provisions of Article III.

Disqualified Bonds

Unless all Bonds Outstanding are then so owned or held, Bonds owned or held by or for the account of the Agency shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in the Indenture, and shall not be entitled to consent to, or take any other action provided for in the Indenture. Upon request, the Agency shall certify to the Trustee which Bonds are being held by or for the account of the Agency. The Trustee may conclusively rely upon such certification.

Amendment by Mutual Consent

The provisions of the Indenture shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Events of Default

The following events are “Events of Default” under the Indenture:

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Debt when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond or Parity Debt when and as the same shall become due and payable;

(c) Default by the Agency in the observance of any of the other agreements, conditions or covenants on its part in the Indenture or in the Bonds or Parity Debt contained, and such default shall have continued for a period of thirty (30) days after the Agency shall have been given notice in writing of such default by the Trustee; provided, however, that if in the reasonable opinion of the Agency, provided to the Trustee in writing, the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Agency within such thirty (30) day period and diligently pursued until such failure is corrected; or

(d) The Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

Remedies

If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time Outstanding, shall, upon notice in writing to the Agency, declare the principal of all of the Bonds then outstanding, and the

interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of ten per cent (10%) per annum on such overdue installments of principal and interest, and the reasonable fees and expenses of the Trustee, including but not limited to the fees and expenses of its attorneys and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All moneys in the funds and accounts provided for in the Indenture upon the date of the declaration of acceleration by the Trustee, and all Tax Revenues thereafter received by the Agency under the Indenture, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the fees, costs and expenses of the Trustee in providing for the declaration of such event of default, including reasonable compensation to its agents, attorneys and counsel, and to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee;

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on the overdue interest and principal at the rate of ten per cent (10%) per annum, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal, ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Rights and Remedies of Bond Owners

No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least twenty-five per cent (25%) in aggregate principal amount of all Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and

said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Remedies Not Exclusive

No remedy in the Indenture conferred upon or reserved to the Owners with respect to Bonds is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture existing as of the date of the Indenture or any date thereafter, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law, the Law, or any other law.

Defeasance

If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Tax Revenues, and all covenants, agreements and other obligations of the Agency to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. Upon the discharge of the Bonds, the Trustee shall execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall after payment of amounts due the Trustee under the Indenture pay over or deliver to the Agency all money or securities held by it pursuant to the Indenture that are not required for the payment of the interest due on and the principal of such Bonds.

Prior to the maturity date thereof, any Outstanding Bond shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (1) there shall have been deposited with the Trustee Defeasance Securities, the principal of and the interest on which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date or earlier redemption date thereof, and the principal of and redemption premium, if any, on such Bonds, (2) the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to send, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds and (3) the Agency shall cause to be delivered (i) a report of a nationally recognized Independent Certified Public Accountant (“Accountant”) verifying the sufficiency of the escrow established to pay the respective Bonds in full on the maturity date or earlier redemption date (“Verification”), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the respective Bonds are no longer Outstanding. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency and the Trustee.

Defeasance Securities deposited with the Trustee with respect to any Bond nor interest or principal payments thereon shall be withdrawn or used for any purpose other than, but rather all such cash and securities shall be held in trust for, the payment of the interest on and principal of such Bonds.

Bonds shall be deemed Outstanding under the Indenture unless and until they are in fact paid and retired or deemed paid as set forth in the Indenture.

The investments in the defeasance escrow relating to Insured Obligations shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally

guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least (three) 3 Business Days prior to any defeasance with respect to the Bonds, the Agency shall deliver to BAM draft copies of an escrow agreement, an opinion of Bond Counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Bonds, a verification report (a “Verification Report”) prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the Owners of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(b) The Agency will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Agency shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without written notice to and the prior written consent of BAM.

Liability of Agency Limited to Pledged Tax Revenues

Notwithstanding anything to the contrary contained in the Indenture, the Agency shall not be required to advance any money derived from any source of income other than the pledged Tax Revenues and amounts held in the Special Fund and the Redemption Fund for the payment of the interest on or the principal of the Bonds or for the performance of any covenants in the Indenture. The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

The Bonds are special obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from the pledged Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and the Agency is not obligated to pay them except from the Tax Revenues and amounts held in the Special Fund and the Redemption Fund. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and such amounts constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City of Rialto, the State of California or any of its political subdivisions (other than the Agency), and neither said City, said State nor any of its political subdivisions (other than the Agency) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

APPENDIX B

FORM OF BOND COUNSEL OPINION

Date of Delivery

Successor Agency to the
Redevelopment Agency of the City of Rialto
c/o City of Rialto
150 S. Palm Avenue
Rialto, California 92376

Re: \$16,515,000 Successor Agency to the Redevelopment Agency of the City of Rialto Tax Allocation Revenue Refunding Bonds (Merged Project Area) 2014 Series A

We have acted as bond counsel to the Successor Agency to the Redevelopment Agency of the City of Rialto (the "Agency") in connection with the issuance of \$16,515,000 aggregate principal amount of its Tax Allocation Revenue Refunding Bonds (Merged Project Area) 2014 Series A (the "Bonds"). The Bonds are issued in accordance with the laws of the State of California, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), and Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Dissolution Law" and, collectively, with the Bond Law and the Redevelopment Law, the "Law"). The Bonds are also being issued pursuant to the terms of an Indenture of Trust, dated as of September 1, 2014 (the "Indenture"), by and between the Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"). The Bonds are being issued, in part, to refund and/or cancel the Redevelopment Agency of the City of Rialto Tax Allocation Refunding Bonds (Merged Project Area), 2003 Series A.

In our capacity as Bond Counsel, we have examined the Law, and we have reviewed the Indenture, the Tax and Non Arbitrage Certificate, dated the date hereof (the "Tax Certificate"), certificates of the Agency, the Trustee, and others, and such other documents, opinions and papers as we deemed necessary to render the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us and the enforceability against parties other than the Agency. As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation. We have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements, compliance with which is necessary to assure the future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Based on and subject to the foregoing and subject to the limitations below, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Agency is duly created and validly existing as a public body with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency.

3. Pursuant to the Law, the Indenture creates a valid lien on the Tax Revenues and funds and accounts pledged pursuant to the Indenture for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding limited obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Assuming compliance with certain covenants described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from current personal income taxation imposed by the State of California.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any federal or state tax consequences regarding ownership or disposition of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our opinion speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. In addition, the rights and obligations under the Bonds and the Indenture and their enforceability may be subject to or limited by bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights or the availability of a particular remedy, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against successor redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, penalty (including any remedy deemed to constitute a penalty), choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. We undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto. We have not provided any financial advice.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result and our opinions are not binding on the Internal Revenue Service. Our opinions are based on our review of existing law we deem relevant and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof, and we do not undertake to advise you of any matters that may come to our attention subsequent to the date hereof that may affect our legal opinions expressed herein.

Respectfully Submitted,
ALESHIRE & WYNDER, LLP

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APPENDIX C

BOOK-ENTRY SYSTEM

The information in this APPENDIX C concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing Successor Agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the

event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Successor Agency to the Redevelopment Agency of the City of Rialto (the “Successor Agency”) and Willdan Financial Services, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$16,515,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Rialto Tax Allocation Revenue Refunding Bonds (Merged Project Area) Series 2014A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2014 (the “Indenture”), by and between the Successor Agency and the Trustee. The Successor Agency and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Successor Agency for the benefit of the Owners and Beneficial Owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Section 3 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

“Dissemination Agent” shall mean initially, Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Successor Agency, and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the Successor Agency, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to the

Rule. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated August 21, 2014, relating to the Bonds.

“Owner” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision and Contents of Annual Report.

(a) Not later than February 15 of each year, commencing February 15, 2015, the Successor Agency shall, or shall cause the Dissemination Agent, to provide the MSRB, through EMMA, the Trustee and each Rating Agency then rating the Bonds, with a written report that shall include the following information:

- The principal amount of the Bonds outstanding as of the immediately preceding September 1;
- The total outstanding debt relating to the Merged Project Area, including Parity Debt and subordinate debt as of the immediately preceding September 1;
- Merged Project Area taxable assessed valuation for the then current fiscal year;
- Merged Project Area base year assessed valuation;
- The taxable assessed valuation for each of the ten largest taxpayers in the Merged Project Area for the then current fiscal year;
- Information on appeals by top ten taxpayers in the Merged Project Area for the last completed fiscal year;
- The total amount of pledged Tax Revenues deposited into the Redevelopment Property Tax Trust Fund by the County Auditor-Controller since the previous December 1; and
- The balance in the Reserve Fund as of the immediately preceding September 1.

(b) So long as any Bonds remain outstanding, the Successor Agency shall, or shall cause the Dissemination Agent to, not later than February 15 of each year, commencing February 15, 2015, provide

to the MSRB, through EMMA, the Trustee and each Rating Agency then rating the Bonds, a post-audit of the financial transactions and records of the Successor Agency for the Fiscal Year to be made by an Independent Certified Public Account appointed by the Successor Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's post-audit is not available by the time such post-audit is required to be filed pursuant to this Section 3(b), an unaudited statement of financial transactions and records of the Successor Agency in a format required by Section 34177(n) of the Health and Safety Code shall be provided to the Dissemination Agent, and the post-audit shall be filed in the same manner as the Annual Report when they have become available.

(c) Not later than November 1 of each year, the Successor Agency shall provide the Dissemination Agent with the portion of the Annual Report identified in Section 3(a) of this Disclosure Agreement. Not later than 15 Business Days prior to the date specified in Section 3(b) for providing the post-audit to the MSRB, through EMMA, the Successor Agency shall provide the Dissemination Agent with the post-audit identified in Subsection 3(b). If by either such date, the Trustee has not received a copy of the relevant portion of the Annual Report, the Trustee shall contact the Successor Agency and the Dissemination Agent to determine if the Successor Agency is in compliance with Section 3(a) or Section 3(b), as applicable. The Successor Agency shall provide a written certification with each portion of the Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such portion of the Annual Report constitutes the relevant portion of Annual Report required to be furnished by it hereunder. The Dissemination Agent and the Trustee may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(d) The Annual Report must be submitted in electronic format, accompanied by such identifying information as provided by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3(e) of this Disclosure Agreement. If the Fiscal Year changes for the Successor Agency, the Successor Agency shall give notice of such change in the manner provided under Section 5(e) hereof.

(e) Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Successor Agency or related public entities, available to the public on EMMA or filed with the SEC. The Successor Agency shall clearly identify each such other document so included by reference.

(f) The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the Successor Agency to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Successor Agency or to reflect changes in the business, structure, operations, legal form of the Successor Agency; provided, that any such modifications shall comply with the requirements of the Rule.

(g) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(h) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB prior to the date for providing the Annual Reports; and

(ii) to the extent known to the Dissemination Agent file a report with the Successor Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Reserved.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) tender offers;
- (iv) rating changes;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (vii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (viii) substitution of credit or liquidity providers or their failure to perform; or
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

(b) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) the consummation of a merger, consolidation or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions;

Trustee;

- (ii) appointment of a successor or additional Trustee or the change of the name of a
- (iii) non-payment related defaults;
- (iv) modifications to the rights of Owners;
- (v) Bond calls;
- (vi) release, substitution or sale of property securing repayment of the Bonds; or
- (vii) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds.

(c) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Successor Agency shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Successor Agency determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Successor Agency shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to EMMA in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the Successor Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all Outstanding Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Successor Agency to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to

violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Successor Agency shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of outstanding Bonds with indemnification satisfactory to it, shall), or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency), as the case may be, to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency) to comply with this Disclosure Agreement shall be an action to compel performance. The Trustee shall not owe any fiduciary duty to the Participating Underwriter nor shall its failure to comply with the request of any Participating Underwriter result in a breach of any of its fiduciary duties owed to the Owners.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. If the Trustee performs the duties assigned to it hereunder, the Trustee shall not be responsible to any person for any failure by the Successor Agency or the Dissemination Agent (if other than the Trustee) to perform duties or obligations imposed hereby. The Dissemination Agent shall have the same rights and protections hereunder as accorded to the Trustee under the Indenture. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Successor Agency. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any owner of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Successor Agency.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Successor Agency, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and

Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed and construed in accordance with the laws of the State.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: September 17, 2014

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
RIALTO

By _____
Chair

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Successor Agency to the Redevelopment Agency of the City of Rialto

Name of Bond Issue: \$16,515,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Rialto Tax Allocation Revenue Refunding Bonds (Merged Project Area) Series 2014A

Date of Issuance: September 17, 2014

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated September 17, 2014, with respect to the Bonds. [The Successor Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

[_____]
as Dissemination Agent
on behalf of the Successor Agency

APPENDIX E

SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUND - JUNE 30, 2013

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CITY OF RIALTO

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2013

	Private-Purpose Trust Fund	Agency Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 27,193,698	\$ 2,337,293
Accounts receivable, net	4,252,125	5,718
Interest receivable	9,901	980
Prepaid items	3,525	-
Notes receivable	8,561,647	154,120
Due from city	937,175	-
Due from other governments	-	22,597
Property held for resale	17,791,416	-
Restricted assets:		
Cash and investments with fiscal agents	15,695,803	1,206,498
Cash and investments in escrow	2,995,018	-
TOTAL CURRENT ASSETS	77,440,308	3,727,206
NONCURRENT ASSETS:		
Unamortized bond issuance costs	3,880,016	-
Capital assets:		
Not being depreciated	290,347	-
Being depreciated (net of accumulated depreciation)	167,511	-
TOTAL NONCURRENT ASSETS	4,337,874	-
TOTAL ASSETS	81,778,182	\$ 3,727,206
LIABILITIES:		
CURRENT LIABILITIES:		
Accrued liabilities	559,430	\$ 629,475
Deposits	70,000	115,700
Unearned revenue	500,630	120
Due to city	1,354,676	-
Due to bondholders	-	2,981,911
Interest payable	3,102,266	-
Current portion of long-term liabilities	3,134,724	-
TOTAL CURRENT LIABILITIES	8,721,726	3,727,206
LONG-TERM LIABILITIES:		
Noncurrent portion of long-term liabilities	161,078,324	-
TOTAL LONG-TERM LIABILITIES	161,078,324	-
TOTAL LIABILITIES	169,800,050	\$ 3,727,206
NET POSITION:		
Net position for private purpose	(88,021,868)	
TOTAL NET POSITION	\$ (88,021,868)	

See independent auditors' report and notes to basic financial statements.

CITY OF RIALTO

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2013

	<u>Private-Purpose Trust Fund</u>
ADDITIONS:	
Taxes	\$ 13,919,348
Interest and changes in fair value of investments	166,472
Other	1,090,666
Gain on sale of land held for resale	2,804,128
Forgiveness of debt	2,575,000
Payment from city for disallowed items	<u>921,450</u>
 TOTAL ADDITIONS	 <u>21,477,064</u>
DEDUCTIONS:	
Administrative expenses	805,259
Interest expense	9,946,638
Capital contribution to the City	6,893,995
Depreciation	16,500
Distribution of land to airport fund of the city	13,764,414
Payment to debt service fund of the city for reimbursement agreement	<u>880,224</u>
 TOTAL DEDUCTIONS	 <u>32,307,030</u>
 CHANGE IN NET POSITION	 (10,829,966)
 NET POSITION AT BEGINNING OF YEAR, AS RESTATED	 <u>(77,191,902)</u>
 NET POSITION AT END OF YEAR	 <u><u>\$ (88,021,868)</u></u>

See independent auditors' report and notes to basic financial statements.

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

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July 31, 2014

Mr. John Dutrey, Housing Program Manager
City of Rialto
150 South Palm Avenue
Rialto, CA 92376

Dear Mr. Dutrey:

Subject: Approval of Oversight Board Action

The Successor Agency (Agency) of the City of Rialto notified the California Department of Finance (Finance) of its June 11, 2014 oversight board (OB) resolution on June 17, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, Oversight Board (OB) Resolution No. OB 14-09, approving the issuance of refunding bonds of the Agency to refund bonds of the former redevelopment agency (RDA), is approved.

The Agency desires to refund the former RDA's Tax Allocation Refunding Bonds (Merged Project Area) 2003 Series A to achieve debt service savings. Finance's approval is limited to only the refunding and is conditioned on the understanding that no refunding bonds will be issued unless such bonds meet the limitations set forth in HSC section 34177.5 (a).

Following the issuance of the bonds, the Agency's debt service payment obligations for the refunding bonds should be placed on a future Recognized Obligation Payment Schedule for Finance review and approval.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Robb Steel, Assistant to the City Administrator/Development Services Director,
City of Rialto
Mr. Greg Lantz, Economic Development Manager, City of Rialto
Ms. Linda Santillano, Property Tax Manager, San Bernardino County
California State Controller's Office

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APPENDIX G

SUPPLEMENTAL INFORMATION – CITY OF RIALTO

The following information concerning the City of Rialto, California (the “City”) and surrounding areas is included only for the purpose of supplying general information regarding the community.

General Information

The City is located in the western portion of the County of San Bernardino (the “County”), approximately 60 miles east of the City of Los Angeles and just west of the City of San Bernardino. The City was incorporated in 1911, and is organized as a general law city with a Council-Administrator form of government. The City is approximately four miles wide and eight and one-half miles long. The City is served by Interstate Freeways 210, 215, 10 and 15.

Municipal Government

The City functions as a general law city under the council-administrator form of government. Four council members are elected at large to serve four year overlapping terms. The Mayor is elected at large and serves a four-year term. The City Administrator is appointed by the City Council.

The City has approximately 323 full-time employees. The City has a full service police station to provide 24-hour protection, including dispatch and 911 services. There are 142 personnel employed in the City’s police department and 64 personnel employed in the City’s fire department.

Population

The following table shows population estimates for the City, the County and the State of California for the past five years.

CITY OF RIALTO, SAN BERNARDINO COUNTY POPULATION ESTIMATES

Year (January 1)	City of Rialto	San Bernardino County	State of California
2010	99,071	2,033,141	37,223,900
2011	99,686	2,046,619	37,427,946
2012	100,397	2,059,694	37,668,804
2013	100,896	2,068,610	37,984,138
2014	101,429	2,085,669	38,340,074

Source: State of California Department of Finance, Demographic Research Unit.

Industry

The table below lists employment by industry group for San Bernardino County for years 2008 through 2012. Annual figures are not yet available for 2013.

Annual Average Labor Force Employment by Industry Group

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Civilian Labor Force	863,500	858,900	862,500	857,800	862,200
Employment	794,600	747,800	740,400	743,300	759,800
Unemployment	68,900	111,100	122,100	114,500	102,500
Unemployment Rate	8.0%	12.9%	14.2%	13.4%	11.9%
Total Farm	2,800	2,500	2,600	2,500	2,200
Mining and Logging	700	600	600	600	800
Construction	36,000	27,600	24,300	25,000	26,000
Manufacturing	58,500	49,700	47,300	46,500	47,000
Wholesale Trade	33,700	30,200	29,600	29,300	30,700
Retail Trade	83,700	77,400	77,000	76,900	80,600
Transportation, Warehousing & Utilities	49,000	47,100	47,200	48,400	49,700
Information	7,100	5,600	3,800	4,500	5,300
Finance and Insurance	15,000	14,200	14,400	14,300	14,700
Real Estate & Rental & Leasing	8,700	7,700	7,300	7,000	6,800
Professional and Business Services	80,200	71,500	73,100	73,600	72,800
Educational and Health Services	73,600	75,700	75,800	77,500	80,400
Leisure and Hospitality	58,200	55,100	55,100	55,100	57,300
Other Services	21,400	19,300	19,900	20,300	21,200
Federal Government	13,000	13,700	15,100	14,200	13,800
State Government	13,900	13,900	13,400	13,100	12,500
Local Government	<u>93,600</u>	<u>98,300</u>	<u>96,700</u>	<u>86,000</u>	<u>86,100</u>
Total, All Industries	649,200	610,100	603,000	594,800	607,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California, Employment Development Department.

Commercial Activity

During calendar year 2012, total taxable transactions in the City were reported to be \$878,743,000, an increase of approximately 1.25% from the prior year, during which the total taxable transactions were reported to be \$867,927,000. A summary of the significant categories of historic taxable sales within the City during the past four available years is shown in the following table. In 2009, the type of business categories changed such that earlier data is not comparable. Annual figures are not yet available for 2013.

CITY OF RIALTO
Taxable Transactions
2009-2012
(In thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Retail and Food Services				
Motor Vehicle and Parts Dealer	\$ 21,927	\$ 23,169	\$ 25,574	\$ 25,808
Home Furnishings and Appliance Stores	3,757	3,749	4,727	6,560
Bldg. Matrl. And Garden Equip. and Supplies	40,346	43,772	41,984	42,817
Food and Beverage Stores	42,651	41,928	42,146	45,244
Gasoline Stations	193,876	256,897	191,361	171,930
Clothing and Clothing Accessories Stores	15,297	17,582	17,272	17,939
General Merchandise Stores ⁽²⁾	-	-	-	-
Food Services and Drinking Places	67,053	66,163	68,046	75,650
Other Retail Group ⁽²⁾	120,11	116,521	124,792	126,571
Total Retail and Food Services	505,019	569,782	515,902	512,518
<u>All Other Outlets</u>	<u>261,125</u>	<u>279,188</u>	<u>352,025</u>	<u>366,225</u>
<u>Totals All Outlets</u>	<u>\$766,144</u>	<u>\$848,970</u>	<u>\$867,927</u>	<u>\$878,743</u>

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Sales omitted because their publication would result in the disclosure of confidential information. These sales are included with "Other Retail Group" when possible.

Source: State Board of Equalization, Research and Statistics Division.

Construction Trends

Provided below are the building permits and valuations for the City and the County for calendar years 2009 through 2013.

CITY OF RIALTO					
New Construction					
(In thousands)					
	<u>2009⁽¹⁾</u>	<u>2010⁽¹⁾</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Permit Valuation</u>					
New Single-family	6,419.7	12,610.0	1,267.5	1,750.0	15,720.0
New Multi-family	0	3,853.0	5,495.6	0	77.2
Res. Alterations/Additions	3,260.7	841.5	1,007.2	148.0	0.0
Total Residential	9,752.4	17,304.5	7,770.3	1,898.0	15,797.2
New Commercial	10,433.1	0	0	0	0
New Industrial	0	0	0	7,195.3	0
New Other	199.0	218.0	282.0	98.0	5.4
Com. Alterations/Additions	4,487.6	4,731.0	1,921.5	435.0	5.4
Total Nonresidential	15,119.7	4,949.0	2,203.5	7,728.3	
<u>New Dwelling Units</u>					
Single Family	26	64	7	8	69
Multiple Family	0	75	75	0	0
TOTAL	26	139	82	8	69

⁽¹⁾ Statistics are based on less than 12 months of reported data. Conservative estimates of missing data were used to obtain annual totals.

Source: Construction Industry Research Board, *Building Permit Summary* (2008-2013); California Homebuilding Foundation/Construction Industry Research Board, *Building Permit Summary* (2011-2013).

APPENDIX H
FISCAL CONSULTANT'S REPORT

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**SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIALTO**

Merged Redevelopment Project

**PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES**

August 11, 2014

I. Introduction

The Successor Agency to the Redevelopment Agency of the City of Rialto Tax Allocation Revenue Refunding Bonds (Merged Project Area) 2014 Series A (the “Bonds”), are being issued by the Successor Agency to the Redevelopment Agency of the City of Rialto (the “Successor Agency”). The Bonds are being issued to (i) refund all outstanding Redevelopment Agency of the City of Rialto Tax Allocation Refunding Bonds (Merged Project Area), 2003 Series A, (ii) fund a reserve account for the Bonds, and (iii) pay the costs of issuance of the Bonds.

The Bonds are special obligations of the Successor Agency and debt service on the Bonds is payable from the pledged Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and the Successor Agency is not obligated to pay them except from the Tax Revenues and amounts held in the Special Fund and the Redemption Fund. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues and amounts held in the Special Fund and the Redemption Fund, and such amounts constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City of Rialto (the “City”), the State of California or any of its political subdivisions (other than the Successor Agency), and neither said City, said State nor any of its political subdivisions (other than the Successor Agency) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Successor Agency.

On June 29, 2011, the California Legislature and Governor enacted Assembly Bill x1 26 (AB 1x 26), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court, but was upheld by the Court on December 29, 2012. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing ABx1 26. In accordance with Section 34177.5(g) of the California Health and Safety Code, the Successor Agency bonds shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the “Law”) that existed prior to that date, shall be included in the successor agency’s Recognized Obligation Payment Schedule (the “ROPS”), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the “RPTTF”).

On July 2, 2002, the Agency merged its four existing redevelopment project areas and added additional territory to create the Project Area. Tax revenues generated by the component redevelopment project areas of the Project Area formerly known as the Industrial Redevelopment Project (Industrial), Agua Mansa Redevelopment Project (Agua Mansa), Gateway Redevelopment Project (Gateway), Central Business

Redevelopment Agency of the City of Rialto
Fiscal Consultant's Report
August 11, 2014, Page 2

District Redevelopment Project (CBD) and the Merger Annex Project Area (Added Territory). The California Community Redevelopment Law (the Law) provides for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorizes redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provides that the Tax Increment Revenues may be pledged by the redevelopment agency to the repayment of agency indebtedness.

In this report, Tax Increment Revenues with the addition of Unitary Tax Revenue (see Section IV, Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenues. Adjusted Gross Tax Revenues are defined herein as Gross Tax Revenues less the payments made from the Gateway Project Area pursuant to Section 33676 Base Year Inflationary Adjustments. For purposes of this report, Tax Revenues are defined as Adjusted Gross Tax Revenues less; less the SB 2557 County Administrative fees and collection charges (see Section IV, County Collection Charges); less amounts pledged for payment of debt service on bonds secured by the former Housing Set-Aside Requirement (see Section V); and, less tax sharing payments and disposition and development agreement and owner participation agreement payments that have a lien on Tax Revenues that is superior to the lien on Tax Revenues of debt service on the Bonds (see Section VII, Tax Sharing Agreements and Other Obligations). Net Tax Revenues are defined as Tax Revenues less tax sharing payments and disposition and development agreement and owner participation agreement payments that have a lien on Tax Revenues that is subordinate to the lien on Tax Revenues of debt service on the Bonds.

The purpose of this fiscal consultant report (the Report) is to examine the assessed values of the current fiscal year and project for nine fiscal years the amount of tax increment revenues anticipated to be received by the Agency from each of the component project areas that make up the Project Area. The Law and the limits within the component redevelopment plans determine the amount of Project Area Gross Tax Revenues. The amount of the Tax Revenues available for the payment of debt service on the Bonds is also affected by prior obligations undertaken by the Agency. Based on our research, we project that the Tax Revenues that will be pledged to the payment of debt service on the Bonds will be as shown in Table A below.

Table A						
Project Area Tax Revenues						
(000's omitted)						
Fiscal Year	Industrial	Agua Mansa	Gateway	CBD	Added Territory	Project Area
2014-15	\$5,112	\$3,421	\$488	\$698	\$10,210	\$19,930
2015-16	5,014	3,384	474	726	10,333	19,931
2016-17	5,106	3,450	484	750	10,607	20,398
2017-18	5,200	3,518	495	775	10,887	20,875
2018-19	5,295	3,587	505	801	11,173	21,361
2019-00	5,393	3,658	516	826	11,464	21,856
2000-21	5,493	3,729	526	853	11,761	22,362
2021-22	5,594	3,803	537	880	12,064	22,878
2022-23	5,698	3,877	549	907	12,373	23,404
2023-24	5,803	3,954	560	935	12,688	23,940

The taxable values of property and the resulting Tax Revenues for each portion of the Project Area summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of San Bernardino County (the County). The projection illustrates the entire amount of Tax Revenues projected as being available from each portion of the Project Area. It is assumed that the Agency will continue to have sufficient debt and debt service, as defined in the redevelopment plans, to capture all of the available Tax Revenue. Future year assessed values and Tax Revenues are projections based upon the assumptions described in this Report, and are not guaranteed as to accuracy. This Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

On July 2, 2002 the City Council of the City of Rialto adopted Ordinance No. 1333 which formed a redevelopment plan which merged four existing redevelopment project areas into a single project area and incorporated 3,436 acres of additional territory. The four original redevelopment plans were the Industrial, Agua Mansa, Gateway and Central Business District Redevelopment Plans. The original redevelopment plans had been previously amended by the adoption of Ordinance No. 1332 which revised or eliminated certain plan limits pursuant to Health and Safety Code Section 33333.5(e)(2). The original project areas and the Added Territory are described below.

Industrial Redevelopment Project

The Industrial Redevelopment Project was adopted on July 17, 1979 by Ordinance No. 782 and consists of two noncontiguous areas totaling 2,017 acres. The larger of these two areas is generally located north of Baseline Road, east of Alder Avenue, south of Casa Grande Drive and west of Spruce Avenue. The southern and smaller area is generally north of Merrill Avenue, east of Linden Avenue, south of Rialto Avenue and west of Lilac Avenue. The majority of the assessed value within this portion of the Project Area is in industrial use (53.46%) and unsecured value (24.39%). There are 164 vacant parcels within Industrial.

Agua Mansa Redevelopment Project

The Agua Mansa Redevelopment Project was adopted on July 19, 1988 by Ordinance No. 1037 and consists of a single area located south of Interstate Highway 10 and totaling 1,209 acres. This portion of the Project Area is more particularly located north of Agua Mansa Road, east of Cactus Avenue, south of Interstate Highway 10 and west of the Rialto City limits. The assessed value of this portion of the Project Area is mainly in industrial use (59.53%) and unsecured value (30.2%). There are 89 vacant parcels within Agua Mansa.

Gateway Redevelopment Project

The Gateway Redevelopment Project was adopted on December 17, 1985 by Ordinance No. 945 and consists of a single area located on both sides of Interstate Highway 10 and totaling 428 acres. This portion of the Project Area is more particularly located north of Slover Avenue, east of Cactus Avenue, south of San Bernardino Avenue and west of the Rialto City limits. Interstate Highway 10 runs through the middle of this portion of the Project Area. The area also contains a substantial amount of train yard facilities. The assessed value of this portion of the Project Area is mainly in commercial (50.37%) and industrial (29.19%) use. There are 28 vacant parcels within Gateway.

Central Business District Redevelopment Project

The Central Business District Redevelopment Project was adopted on June 5, 1990 by Ordinance No. 1101 and consists of a single area located on both sides of Riverside Avenue and totaling 445 acres. This portion of the Project Area is more particularly located north of Merrill Avenue, east of Cactus Avenue, south of Foothill Boulevard and west of Sycamore Avenue. This portion of the Project Area contains the original downtown area of the City and consists substantially of residential (55.56%) and commercial uses (23.3%) and contains a large amount of unsecured value (10.05%). There are 95 vacant parcels within CBD.

Added Territory

With the adoption of the Project Area on July 2, 2002 by Ordinance No. 1333, substantial new territory was added to the original redevelopment project areas as part of the merger process. The Added Territory consists of three noncontiguous areas totaling 3,436 acres. These areas are distributed throughout the city. There are a total of 482 vacant parcels in the Added Territory with a combined assessed value of \$66.2 million. The extension of the Foothill Freeway runs through the area and will front on a number of commercial and industrial parcels. There is a great deal of potential for development of new commercial, industrial and residential development.

Sub-area A totals approximately 1,427 acres and is located north of Baseline Road and east of the City's easterly boundary. It is further located to the east and west of Industrial. The City's General Plan has designated land uses within Sub-area A as industrial, commercial, public uses and includes three small residential areas located along Baseline Road and to the north of the Rialto Municipal Airport. Sub-area A will be bisected by the extension of the Foothill Freeway (State Highway 210).

Sub-area B totals approximately 1,679 acres. It fills the area between the two non-contiguous portions of Industrial and is further adjacent to CBD. The City's General Plan designates land uses within Sub-area B as primarily residential and commercial uses along with open space and public uses. Sub-area B is located in the central portion of the City and contains mostly older, existing developments. Sub-area C totals approximately 330 acres and is located in an area that abuts Industrial, CBD, Gateway and Agua Mansa. It extends southerly into the more industrialized area of the City.

The Added Territory is diversified in its land use designations. Residential land uses make up 32.3% of the Added Territory's assessed value for 2013-14. Industrial land makes up 30.0% of the current year assessed values followed by commercial land uses at 17.6% and vacant land uses at 9.2%.

A. Land Use

Table B represents the breakdown of land use in the Project Area by the number of parcels and by assessed value for fiscal year 2014-15. Unsecured and SBE non-unitary values are connected with parcels that are already accounted for in other categories. It should be noted that the figures below include the net taxable value for all parcels. This information is based on County land use designations as provided by the County.

Table B			
Project Area Land Use Summary			
Category	No. Parcels	Net Taxable Value	% of Total
Residential	3,513	\$594,875,066	18.87%
Commercial	463	415,194,588	13.17%
Industrial	349	1,297,424,738	41.16%
Dry/Irrigated Farm	3	746,274	0.02%
Recreational	6	2,257,656	0.07%
Institutional	36	10,809,848	0.34%
Government	5	8,952,145	0.28%
Miscellaneous	51	6,409,416	0.20%
Vacant Land	635	270,702,330	8.59%
Exempt	<u>490</u>	<u>0</u>	<u>0.00%</u>
Subtotals:	5,551	\$2,607,372,061	82.72%
SBE Non-unitary		754,444	0.02%
Unsecured		543,737,129	17.25%
Totals:	5,551	\$3,151,863,634	100.00%

The vacant parcels within the Project Area total 1,516.36 acres according to Assessor's maps and other County records. The following Table C breaks down the vacant parcels for each of the component project areas.

Table C		
Vacant Land Summary		
	<u>No. Vacant Parcels</u>	<u>Acres</u>
Industrial	128	424.72
Agua Mansa	81	308.38
Gateway	25	34.26
CBD	85	21.46
Added Territory	<u>316</u>	<u>727.54</u>
Totals	635	1,516.36

B. Redevelopment Plan Limits

Chapter 942, Statutes of 1993 (See Section VI B below), as codified in Section 33333.6 of the Law, limits the life of redevelopment plans adopted prior to January 1, 1994 to 40 years from the date of adoption or January 1, 2009, whichever is later. It also limits the period within which a redevelopment project area may receive tax increment to the life of the redevelopment plan plus ten years beyond the termination of redevelopment activities except to accommodate certain specific low and moderate-income housing obligations or to pay debt service on bonds, indebtedness or other financial obligations authorized prior to January 1, 1994. Such redevelopment plans are further required to include a limitation on the number of tax increment dollars that may be allocated to the redevelopment agency; a time limit on the establishing of indebtedness to be repaid with tax increment; and a limit on the amount of bonded indebtedness to be repaid with tax increment that can be outstanding at one time. These limits can be extended only by an amendment of the redevelopment plan.

For redevelopment plans adopted prior to 1994, Chapter 942 stipulates that the time limit for establishing indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever is later. Chapter 741, Statutes of 2001, was adopted under SB 211 and amends several sections of the Law that control time limitations for redevelopment project areas. Limitations, that under prior legislation could not be amended or had different amendment procedures, in accordance with this section, may be modified through project area amendments as set forth in this section of the Law (see Section VI, Legislation). On July 2, 2002 the City Council adopted Ordinance No. 1332 which amended each of the original redevelopment plans such that the time limits for establishment of loans, advances and indebtedness were eliminated.

Pursuant to Senate Bills 1045 (see Section VI) the Agency has extended the term of redevelopment plan effectiveness of all component project areas by one year with the adoption of Ordinance No. 1348 on April 19, 2004. This extension in turn extends the terms of the redevelopment plan's effectiveness and the period within which the project areas may repay indebtedness by one year. Pursuant to Senate Bill 1096 (see Section VI) the Agency has extended the term of the redevelopment plan and the period within which the Agency may repay indebtedness within Industrial by two additional years through the adoption of Ordinance No. 1370 on April 5, 2005. This two year extension of the time limits for Industrial is predicated upon the payment by the Agency of its ERAF obligation for 2005 and 2006. The payment of these obligations was required by law and the Agency made the required payments.

The Added Territory was adopted under the time limits applied by Chapter 942 as modified by the adoption of Ordinance 1348 (See above). The redevelopment plan for the Added Territory shall no longer be effective thirty-one years after the effective date of its adoptive ordinance and no new debt to be repaid from tax increment revenues shall be incurred after twenty years from the adoption date. The Agency may not repay indebtedness in the Added Territory beyond forty-six years from the adoption date. There is no limit on the amount of tax increment revenue that may be received from the Added Territory.

The redevelopment plan limits currently governing the various portions of the Project Area redevelopment plans are summarized in Table D below:

Table D				
Project Area Plan Limits				
Project Area	Termination of Project Activities	Last Date to Repay Debt with Tax Revenue	Tax Increment Limit	Limit on Outstanding Bond Debt
Industrial	August 16, 2022	August 16, 2032	\$300 million	\$100 million
Agua Mansa	July 19, 2029	July 19, 2039	\$270 million	\$90 million
Gateway	January 16, 2027	January 16, 2037	\$90 million	\$30 million
CBD	July 5, 2031	July 5, 2041	\$289 million	\$100 million
Added Territory	July 2, 2033	July 2, 2048	N/A	\$165 million

Within Industrial, the Agency has received a total of \$85,773,287 in tax increment revenue through 2013-14. Based on the assumptions used in our projection, the increment revenues will not reach Industrial's tax increment limits within the period that it will be able to repay indebtedness. If the annual growth in tax increment revenues exceeds 5.5%, Industrial may indeed reach the limitation prior to expiration of the

effectiveness of the redevelopment plan. Within Agua Mansa the Agency has received a total of \$75,577,507 in tax increment revenue through 2013-14. Based on the assumptions used in our projection, the increment revenues will reach Agua Mansa's tax increment limits during fiscal year 2037-38. If the growth in tax increment revenues exceeds the projected levels Agua Mansa may reach its tax increment limit earlier. Within Gateway and CBD, the Agency has received \$13,189,386 and \$15,479,002 respectively through 2013-14. According to the projection, neither Gateway nor CBD will reach their tax increment limits based on the assumptions in our projections, however, in the event that Gateway experiences ongoing growth in assessed values that exceeds 4.25% annually it may reach its tax increment limit prior to reaching its last date to repay indebtedness. CBD would have to increase in value by 11.5% annually in order for this component project area to exceed its cumulative tax increment limit prior to reaching its last date to repay indebtedness. The Added Territory does not have a tax increment limit, however, through 2013-14 it has been allocated a total of \$87,849,991.

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of each Project Area. The assessments are assigned to Tax Rate Areas (TRA) that are coterminous with the boundaries of the Project Area. The historic reported taxable values for the original project areas were reviewed in order to ascertain the rate of taxable property valuation growth over the most recent ten fiscal years beginning with 2004-05. Between 2004-05 and 2013-14 the taxable value within the Project Areas increased by \$1,395,717,158 (97.02%) in the aggregate, although such growth was not experienced uniformly among each of the original project areas. This represents an average annual growth of 9.7% despite reductions in value that occurred in fiscal years 2009-10, 2010-11 and 2011-12. Modest growth in 2012-13 and 2013-14 has recovered approximately 47.3% of the value lost in those three years.

Assessed values increased substantially for 2014-15. Within the Merged Project Area, values rose by a combined \$308.9 million (10.86%). Secured values increased by \$252.1 million (10.7%) and unsecured values increased by \$56.7 million (11.65%). Growth by component project area is shown in Table E below. The largest increase was among industrial properties that grew by \$165.1 million (15.1%) in taxable value with the second largest source of growth being among unsecured assessments. Residential values benefitted from a more aggressive recovery of value declines that have occurred over the past several years as a result of Prop 8 reductions. Residential values increased by \$41.8 million (7.6%) over the values for 2013-14.

The component project areas have all grown substantially since 2004-05. Each of the component project areas experienced some amount of value loss during the period of 2008-09 through 2012-13. In most of the years in question, values increased by more than 10% over the prior year through 2008-09. The table below shows the taxable values for each of the component project areas and the percentage by which these values have increased above the prior year values.

Table E
Taxable Value History and Percentage Growth from Prior Year
By Component Project Area

	<u>Industrial</u>	<u>Agua Mansa</u>	<u>Gateway</u>	<u>CBD</u>	<u>Added Territory</u>
2004-05	\$297,901,795	\$324,985,194	\$72,254,681	\$145,306,458	\$598,066,446
2005-06	\$315,239,826 5.82%	\$355,257,109 9.31%	\$75,580,057 4.60%	\$161,297,179 11.00%	\$750,914,521 25.56%
2006-07	\$364,762,467 15.71%	\$418,219,997 17.72%	\$82,686,779 9.40%	\$187,346,765 16.15%	\$992,991,417 32.24%
2007-08	\$496,758,752 36.19%	\$536,558,211 28.30%	\$96,860,776 17.14%	\$210,637,082 12.43%	\$1,272,527,756 28.15%
2008-09	\$540,365,168 8.78%	\$572,470,173 6.69%	\$85,977,362 (11.24%)	\$216,778,228 2.92%	\$1,531,802,170 20.37%
2009-10	\$609,328,318 12.76%	\$559,512,093 (2.26%)	\$85,485,250 (0.57%)	\$195,705,276 (9.72%)	\$1,442,166,533 (5.85%)
2010-11	\$551,389,490 (9.51%)	\$641,256,900 14.61%	\$85,487,202 0.00%	\$172,840,439 (11.68%)	\$1,358,013,261 (5.84%)
2011-12	\$531,909,022 (3.53%)	\$568,907,117 (11.28%)	\$85,314,612 (0.20%)	\$171,507,815 (0.77%)	\$1,350,656,589 (0.54%)
2012-13	\$544,933,155 2.45%	\$609,283,099 7.10%	\$84,804,092 (0.60%)	\$169,727,656 (1.04%)	\$1,387,340,489 2.72%
2013-14	\$577,041,562 6.06%	\$592,226,945 (2.80%)	\$85,661,854 1.01%	\$174,894,151 3.04%	\$1,413,594,186 1.89%
2014-15	\$647,300,054 12.51%	\$613,543,137 3.88%	\$86,307,997 0.89%	\$182,572,677 8.33%	\$1,622,139,769 14.75%

The detailed history of assessed values for each of the component project areas from 2005-06 to 2014-15 is illustrated on Table 3 (attached) for each project area tax increment projection.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2014-15 was conducted and broken down within each of the component project areas. Within the Project Area, the aggregate total taxable value for the ten largest taxpayers totaled \$1,014,060,596. This amount is 40.25% of the \$2,519,598,710 Project Area incremental value. The top taxpayer in the Project Area is Target Corporation that controls 17 secured parcels and 2 unsecured valuations at a combined valuation of \$301,001,277. The value of the Target Corporation parcels is 11.95% of the Project Area's total incremental value. The second largest taxpayer in the Project Area is Prologis-MacQuarie that controls a total of \$235,969,763 in secured and unsecured assessed value. This amount is 9.37% of the Project Area's incremental value. Table F below illustrates the percentage of incremental value for the top ten taxpayers in the Project Area and their relative importance to the incremental value of the Project Area.

Among the top ten taxpayers, three have filed assessment appeals that are currently pending. These include Prologis-MacQuarie, the number two taxpayer; Teachers Insurance and Annuity, the number three taxpayer; and Locust and Linden Fund IX LLC, the number ten taxpayer. The details of these pending assessment

appeals are discussed in Section IV, F (Assessment Appeals) below. Potential reductions in value that may result from these appeals have been considered in the projections of tax increment revenue for the component project areas.

Table F
Top Ten Property Taxpayers for the Merged Project Area

Property Owner	Combined Value	% of Total Assessed Value	% of Total Incremental Value	Component Project Area
Target Corporation	\$301,001,277	9.55%	11.95%	Added Territory/Industrial
Prologis-MacQuarie	235,969,763	7.49%	9.37%	Added Territory/Agua Mansa
Teachers Insurance and Annuity	109,243,725	3.47%	4.34%	Added Territory
FedEx Ground Package System	85,692,590	2.72%	3.40%	Agua Mansa
Toys 'R' Us – Delaware Inc.	60,582,610	1.92%	2.40%	Industrial
Staples the Office Superstore	50,167,219	1.59%	1.99%	Agua Mansa
SFPP LP	47,728,080	1.51%	1.89%	Agua Mansa
I-210 Logistics Center Fund X LLC	46,801,197	1.48%	1.86%	Industrial
100 Cedar Avenue LLC	45,547,016	1.44%	1.81%	Industrial
Locust and Linden Fund	31,327,119	0.99%	1.24%	Industrial
Top Taxpayer Total Value	\$1,014,060,596			
Project Area Assessed Value	\$3,151,863,634	32.17%		
Project Area Inc. Value	\$2,519,186,521		40.25%	

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. Article XIII A of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Project Areas. Pursuant to Article XIII A, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied

on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through 2010-11 there were six occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Table G below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the adjustment factor for the next fiscal year.

Table G	
Historical Inflation Adjustment Factors	
<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2003-04	2.000%
2004-05	1.867%
2005-06	2.000%
2006-07	2.000%
2007-08	2.000%
2008-09	2.000%
2009-10	2.000%
2010-11	-0.237%
2011-12	0.753%
2012-13	2.000%
2013-14	2.000%
2014-15	0.454%

On December 11, 2013, the Board determined that the inflationary adjustment for 2014-15 would be 0.454%. For purposes of the projection we have assumed that the inflation adjustment factor for fiscal years beyond 2014-15 will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 31 of the 38 years since the adoption of Proposition 13. We believe that assuming the resumption of a 2.00% inflation adjustment factor is justified by historical experience.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have not included revenues resulting from Supplemental Assessments in the projections.

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable value and the over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition 13.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time.

Section 34183(a)(1) of the Law as amended by AB1x 26 requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This has been interpreted by the County to include none of the revenues resulting from all over-ride tax rates that were previously being allocated to redevelopment agencies based on their determination that these tax rates are not being levied for repayment of indebtedness for acquisition or improvement of real property. As a result, the tax increment revenues being deposited into the RPTTF include all revenues derived from the general levy tax rate and all revenues derived from over-ride tax rates that had been included in tax increment revenues prior to the dissolution of redevelopment agencies.

The Project Area contains a total of 24 Tax Rate Areas (TRAs). A Tax Rate Area is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter approved over-ride tax rates receive the revenue resulting from that over-ride tax rate. The tax increment projections are based on the published tax rates for 2014-15. Within the various TRAs there are two applicable tax rates. These tax rates contain only the debt service over-ride rates that have been levied by either the San Bernardino Valley Municipal Water District or the Metropolitan Water District. Because these over-ride tax rates were approved by voters prior to January 1, 1989 the revenue derived from them within Project Area TRA's are paid to the Agency. Due to the nature of the 2014-15 tax rates they is expected that the currently levied over-ride tax rates will remain the same through fiscal year 2034-35. Beginning in fiscal year 2035-36 the override tax rate for the San Bernardino Valley Municipal Water District and the Metropolitan Water District will no longer be levied. School Districts within the Project Area levy over-ride tax rates that were approved by voters after January 1, 1989. Revenue from these tax rates are paid directly to the districts by the Auditor-

Controller and have no effect on the revenues of the Agency. Table H illustrates the tax rate that is applicable to the TRAs within the Project Area.

Table H		
Project Area Tax Rate for 2014-15		
	Tax Rate 1	Tax Rate 2
Applicable Incremental Value	\$406,848,623	\$2,112,337,898
Percentage of Total Incremental Value	16.15%	83.85%
General Levy	\$1.0000	\$1.0000
San Bernardino Valley MWD		0.1625
Metropolitan Water District	0.0035	
RDA Tax Rate per \$100 of Taxable Value	\$1.0035	\$1.1625

D. Allocation of Taxes

Taxes on secured property values paid by property owners are due in two equal installments on November 1 and on February 1 and become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Prior to dissolution of redevelopment agencies, the County disbursed secured tax increment revenue to all redevelopment agencies from November through July with approximately 45 percent of secured revenues apportioned by the end of December and a total of 98% of the secured revenues by the end of the following May. Unsecured revenues are disbursed from September through June of each fiscal year with approximately 85% of the unsecured revenues being apportioned in September. The San Bernardino County Auditor-Controller apportions tax increment revenue based on collections and does not utilize the alternative allocation method known as the Teeter Plan. The apportionment schedule described above and the apportionment of tax increment revenue based on collections was in use by San Bernardino County for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue allocation.

As of February 1, 2012, the apportionment of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Revenue is now apportioned to Successor Agencies on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the former redevelopment agency.

Prior to receiving revenues on January 2 and June 1, the Successor Agency must adopt a Recognized Obligation Payment Schedule (ROPS) that lists the debt obligations of the former redevelopment agency that must be paid during the upcoming six month periods of January 1 through June 30 and July 1 through

December 31. There is a provision in the legislation for a Successor Agency to request additional amounts in one ROPS payment to allow it to make payments that may be beyond the revenues available in the upcoming allocation cycle. The ROPS must be submitted at least 90 days prior to each RPTTF allocation date and approved by the Successor Agency's Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. The ROPS must also receive approval from the State Department of Finance (the "DOF"). Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by AB1x 26 at the greater of \$250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to tax entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as a result of its tax sharing agreement, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations, below)

The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

E. Annual Tax Receipts to Tax Levy

The San Bernardino County Auditor-Controller apportions tax revenues to the RPTTF based upon the amount of the tax levy that is received from the taxpayers. Secured collection rates for the Project Area have been consistently high. The following table illustrates the final tax revenue collections for the previous five fiscal years.

Table I
Current Year Collection Rates for Prior Five Years

	Industrial	Agua Mansa	Gateway	CBD	Added Territory
2008-09	95.62%	99.12%	97.38%	86.64%	95.26%
2009-10	95.57%	108.73%	98.93%	86.52%	96.95%
2010-11	95.45%	98.17%	98.85%	89.63%	93.34%

2011-12	87.97%	87.57%	90.92%	92.19%	86.05%
2012-13	96.55%	86.76%	94.57%	91.93%	93.23%

F. Assessment Appeals

Assessment appeals data from San Bernardino County has been reviewed to determine the potential impact that pending appeals may have on the projected Tax Revenues. We have determined that there are 299 pending appeals within the Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, we have reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed. We have then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of these pending appeals.

Three of the Project Area's top ten taxpayers have pending appeals of their assessed value. These taxpayers are Prologis-MacQuarie; Teachers Insurance and Annuity and Locust and Linden Fund. The table below summarizes the projected loss of assessed value will result from the assessment appeals that are currently pending within the component project areas.

**Table J
 Assessment Appeals Summary**

Project Areas	Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. & Value of Appeals Pending	Est. No. of Appeals Allowed	Est. Reduction on Pending Appeals Allowed (2015-16 Value Adjustment)
Industrial	107	83	63	30.14%	24 (\$96,868,010)	18	\$22,161,328
Agua Mansa	62	44	26	20.03%	18 (\$94,398,315)	11	\$11,173,616
Gateway	26	18	10	23.05%	8 (\$19,176,159)	4	\$2,455,136
CBD	61	52	25	15.28%	9 (\$10,264,458)	4	\$754,131
Added Territory	297	236	150	22.53%	61 (\$209,396,700)	39	\$29,991,609
Project Area	553	433	274		120 (\$430,103,642)	76	\$66,535,820

G. County Collection Charges

Chapter 466 (SB 2557) allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. For fiscal year 2012-13, the County collection charges were 0.54% of Gross Revenue within the Project Area. Based on the collection charges for 2013-14, we have projected the charge for 2014-15 and future years as a percentage of Gross Revenue to remain at 0.51%. For purposes of these projections, we have assumed that the County will continue to charge the Agency for property tax administration and that such charge will increase proportionally with any increases in revenue. In addition to the reimbursement allowed under SB 2557, the County levies a .25% collection charge for managing the property tax allocation process. This charge is calculated on the amount of gross property tax revenue allocated to the Successor Agency. This collection charge has been projected and included within calculation of Tax Revenue. The reimbursement amount is uniform among the component project areas.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and

was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of the project area, therefore, the base year of project areas have been reduced by the amount of utility value that existed originally in the base year. The Auditor Controller allocated an aggregate total of \$173,138 of unitary tax revenue to the component project areas of the Project Area for 2013-14. For purposes of the projections we estimate that this same amount of unitary tax revenue will be allocated annually for each fiscal year of the projection. The unitary tax revenue amounts allocated for 2013-14 is listed by component project area in Table K below.

Table K
Unitary Revenue Allocated

Project Area	Unitary Revenue
Industrial	\$ 75,999
Agua Mansa	35,264
Gateway	8,013
CBD	7,026
Added Territory	<u>46,836</u>
Total:	\$173,138

V. Low and Moderate Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of AB1x 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the former project area. Prior to dissolution of redevelopment agencies, the former Rialto Redevelopment Agency issued bonds secured by a pledge of the Housing Set-Aside Requirement. Although the Housing Set-Aside Requirement was eliminated with the dissolution of redevelopment agencies, the obligations secured by the Housing Set-Aside Requirement retain a senior

pledge of the former Housing Set-Aside Requirement revenues. For this reason, the projections still reflect the amounts former Housing Set-Aside Requirement at 20% of Adjusted Gross Revenues.

VI. Legislation

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. The Former Agency could have used any funds legally available and not legally obligated for other uses, including agency reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the "Housing Fund") to satisfy this obligation. From 1995-96 to 2001-02, state budgets were adopted with no additional shifting of tax increment revenues from redevelopment agencies, however, the 2002-03 State Budget required a shift of \$75 million of tax increment revenues statewide from redevelopment agencies to ERAF to meet the state budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the 2002-03 budget, the shift requirement for the former redevelopment agencies to make payments into the ERAF was limited to fiscal year 2002-03 only.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute \$135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. Under the Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years were to be deducted from the cumulative tax increment amounts applied to a project area's cumulative tax increment revenue limit. The information shown in Table C above reflects the extension of the time limits and the credit to the cumulative tax increment amounts.

After the State's budget for 2004-05 was approved by the legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State were required to pay a total of \$250 million to ERAF for fiscal year 2004-05 and for 2005-06. The payments were due on May 10 of each fiscal year. As in previous years, payments were permitted to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50% of the current year Housing Tax Set-Aside Requirement, however, the borrowed amount was required to be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). Under SB 1096, redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, could be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city council could find that the former redevelopment agency was in compliance with specified state housing requirements. These requirements are: 1) that the agency is setting aside 20% of gross tax increment revenues; 2) that housing implementation plans are in place; 3) that replacement housing and inclusionary housing requirements are being met; and, 4) that no excess surplus exists. Table C above reflects these time limit extensions. The former redevelopment agency did not borrow from the Housing Fund as authorized in order to make the required payments for ERAF. As outlined below, the method by which ERAF loans from the Housing Fund may be repaid has been modified by the adoption of AB 1484. The requirement for repayment of these loans by certain dates has been eliminated.

In July, 2009, the Legislature adopted AB 26 4x as a means of implementing a package of 30 bills that were adopted in order to close the State's budget deficit. Under this legislation the former redevelopment agencies statewide were required to pay into their county's "Supplemental" ERAF (the "SERAF"), \$1.7 billion in fiscal year 2009-10 and were required to pay another \$350 million in fiscal year 2010-11. Based on a State Controller formula, the former redevelopment agencies were required to pay the required amounts by May, 2010 and May, 2011 respectively.

Under this legislation, the former redevelopment agencies could use any available funds to make the SERAF payments. If Housing Set-Aside Requirement or Housing Fund amounts were borrowed to make the SERAF payment, the borrowed amounts were required to be repaid to the Housing Fund by June 30, 2015 and June 30, 2016 respectively. Under the requirements of Section 34191.4 amended by AB 1484, however, redevelopment agencies that borrowed from the Housing Fund to make the required SERAF payments for 2010 and for 2011 may only repay the borrowed amounts from annual amounts that are 50% of the increase in annual Residual Revenues that are above the Residual Revenue for fiscal year 2012-13. Repayment amounts are, under current legislation, to be repaid to the Successor Housing Agency established pursuant to AB 1x 26 and AB 1484 (see below). Repayment of SERAF payment amounts borrowed from the Housing Fund may only be repaid from growth in Residual Revenue. As a result, the repayment of these amounts will have no impact on the Successor Agency's ability to repay indebtedness.

AB 1x 26 and AB 1x 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. AB 1x 26 would dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of its effective date. AB 1x 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June, 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2011, the Supreme Court ruled that AB 1x 27 was unconstitutional and that AB 1x 26 was not unconstitutional. On June 27, 2012 the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of AB 1x 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have been recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the semiannual adoption of ROPS by the Oversight Board that is made up of representatives of taxing entities within the former redevelopment agency. Membership of the Oversight Board is dictated by Section 34179 of the Law. After 2016, there will be a single Oversight Board in each county that will be responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June 1 of each year.

Pursuant to Section 34187(b) of the Law, once the debts of the former redevelopment agency have been paid, the successor agency has one year to dispose of any remaining assets and terminate its existence notwithstanding the time and tax increment limits contained in redevelopment plans. The enforceability of time and tax increment limits contained in the redevelopment plans is unclear. The covenants in many bond offerings, including those of the Successor Agency, require adjustments to the deposit of tax increment

revenues with the Trustee if the receipt of tax increment approaches the tax increment or time limits within the redevelopment plan. The County Auditor-Controller has indicated that it intends to abide by tax increment and time limits contained in the redevelopment plans. DOF has informally indicated that it believes the legislation intends for all enforceable obligations to be repaid notwithstanding redevelopment plan limits. If DOF's understanding of the legislation is applied, the ongoing repayment of enforceable obligations may be allowed to continue beyond the time that a project area's cumulative tax increment limit is reached. For purposes of the projections, we have assumed that all revenue and time limits in the redevelopment plan will be applied. As a result, if either legislative changes or DOF policy changes relaxes any or all of these limits, the debts of the Successor Agency will be more secure than under the present assumptions.

As mentioned above, issues involved in the dissolution of redevelopment agencies have yet to be resolved including the continuation of plan limits, override revenues and the treatment of ERAF. Additionally approximately 159 suits have been filed on various aspects of AB 1x 26 and AB 1484 which could impact the dissolution of redevelopment agencies. The Successor Agency has filed no lawsuits and is not involved in any current litigation in connection with the dissolution. Our projections could be impacted as a result of future court decisions in connection with lawsuits filed by other agencies.

VII. Tax Sharing Agreements and Other Obligations

The legislation that dissolved redevelopment agencies also required that the calculation and payment of tax sharing amounts be taken over by the County Auditor-Controllers. Since February, 2012, the tax sharing obligations outlined below have been administered by the Auditor-Controller's office.

A. Tax Sharing Agreements

Industrial Project Area

Prior to the merger in 2002, the Agency entered into an agreement with San Bernardino County to make tax-sharing payments from revenues received in the project area. This agreement provides for tax sharing payments to the San Bernardino County General Fund, the Library and the County Flood Control District. The County General Fund receives its share (15.24%) of general levy revenue on inflationary growth of base year real property value. In addition, the County receives a portion of general levy tax increment revenue, net of housing set-aside and the amount of the inflationary growth payment. The portion of the tax increment share to be received by the County General Fund is 0% through 1998-99, 15% from 1999-00 through 2003-04, 25% from 2004-05 through 2010-11 and 50% from 2011-12 through the life of the project.

The Flood Control District (2.90%) and Library (1.48%) receive their shares of general levy revenue from inflationary growth on base year real property net of housing set aside. In addition, the districts receive the balance of their general levy tax increment revenue shares net of housing set-aside.

Agua Mansa Project Area

Pursuant to an agreement with the County of San Bernardino, the County General Fund received, net of housing set-aside, 40% of its share (13.05%) of general levy tax increment revenue from 1999-00, 50% of its general levy share from 2000-01 through 2026-27 and 60% of its general levy share thereafter. The Library System (1.26%) and Flood Control District (2.48%) receive their shares of general levy tax increment revenue net of housing set-aside.

San Bernardino Community College District receives 30% of its share (4.59%) of general levy tax increment revenue net of housing set-aside and the San Bernardino County Superintendent of Schools receives 30% of its share (0.67%) of general levy tax increment revenue net of housing set-aside. Payments to the College District and the County Superintendent are, by the terms of the agreements, subordinate to the payment of debt service on any bonded indebtedness. West Resource Conservation District receives 30% of its share (0.13%) of general levy tax increment revenue net of housing set-aside. Colton Unified School District receives 30% of its share (27.2%) of general levy tax increment revenue net of housing set-aside. The San Bernardino Valley Municipal Water District receives 80% of its share of debt service override revenue (0.165%). West San Bernardino County Water District receives its share (2.57%) of inflationary growth on real property base year value and, after 2008-09, 80% of its share of general levy tax increment. Beginning in 2009-10, the Agency must repay those amounts of the District's full share not received by the District in earlier years. Repayment is spread over 20 even payments.

Central Business District Project Area

The San Bernardino County General Fund receives 25% of its share (15.33%) of general levy tax increment net of housing set-aside. The Library (1.48%) and Flood Control District (2.91%) receive their full shares of general levy tax increment net of housing set-aside. The San Bernardino Valley Municipal Water District receives all revenue derived from its tax override rate (0.16%). The County Superintendent of School (1.04%), the Rialto Unified School District (33.74%) and the San Bernardino Community College District (5.39%) each receive 25% of their shares of general levy tax increment net of housing set-aside. Payments to these Districts are deemed subordinate to debt service payments on any bonded indebtedness.

Gateway Project Area

The San Bernardino County General Fund receives a stipulated share (15.5%) of general levy revenue from inflationary growth on base year real property value. The County Flood Control District receives a stipulated share (2.3%) of general levy tax increment revenue. Colton Unified School District exists in tax rate areas that produce 50.59% of the incremental assessed value in Gateway. The Rialto Unified School District occupies tax rate areas that contain 49.41% of the incremental value within Gateway. Colton Unified receives 30% of its share (32.3%) of general levy tax increment net of housing set-aside and adjusted for its existence in only a portion of the project area. Rialto Unified School District receives 30% of its share (33.6%) of general levy tax increment net of housing set-aside and adjusted for its existence in only a portion of the project area. The San Bernardino Valley Municipal Water District receives its share (2.79%) of general levy tax revenue net of housing set-aside. In addition, the District receives its debt service over-ride revenue (0.16%) net of housing set-aside.

The San Bernardino Community College District adopted the requisite resolution and is currently receiving base year adjustment payments from the Auditor-Controller. The County Superintendent of Schools is entitled to make the same election but has not done so at this time. These potential payments to the Superintendent of Schools are estimated in the projection despite the fact that the Superintendent has not adopted such a resolution.

SB 211 Payments

As part of the Merger process, Industrial, Agua Mansa, Gateway and CBD were amended to eliminate the limitation on the issuance of new indebtedness to be repaid with tax increment revenue. As a result, these project areas will be subject to the initiation of tax sharing payments to those taxing entities with which they do not already have tax sharing agreements. These payments will be made in accordance with the three-

tiered formulas for statutory tax sharing payments required of those project areas adopted after January 1, 1994. These statutory tax-sharing payments will begin in the fiscal year following the year within which the former limit was passed and using the assessed value of the project area for the fiscal year within which the original time limit was exceeded as an adjusted base year value. Table L below shows the fiscal year in which these payments began or will begin for each of the subject project areas.

Table L				
Fiscal Years for Initiation of SB 211 Payments				
	<u>Industrial</u>	<u>Agua Mansa</u>	<u>Gateway</u>	<u>CBD</u>
First Year of SB 211 Payments	2004-05	2009-10	2006-07	2011-12

Added Territory

The Added Territory was adopted after January 1, 1994 and is, therefore, subject to the statutory tax sharing payments mandated in the Law as amended by Assembly Bill 1290. These tax-sharing payments are set by statute and are not negotiated. A prescribed portion of the Agency's tax increment revenue must be shared with all taxing entities represented within the Added Territory. The Auditor Controller allocates all tax increment revenue to the Agency for payment of tax sharing payments. This defined tax-sharing amount has three tiers.

The first tier payments begin with the first year that the Annex receives tax increment revenue and continue for the life of the Added Territory. This first tier tax-sharing amount is 25 percent of the gross tax increment revenue allocated from the project area net of the Housing Set-Aside Requirement. The City of Rialto has opted to receive its share of this first tier of tax-sharing payments as permitted by the Law. The second tier payments begin in the eleventh year after the Agency first receives tax increment revenue. This second tier is 21 percent of the tax increment revenue, net of the Housing Set-Aside Requirement, that is derived from the growth in assessed value that is in excess of the assessed value of the Annex in year ten. The City may not receive any portion of the second tier tax-sharing payments. The third tier payments begin in the 31st year after the Agency first receives tax increment revenue. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Requirement that is derived from the growth in assessed value that is in excess of the assessed value of the Annex in the 30th year. The City may not receive any portion of the third tier tax-sharing payments. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the Added Territory.

B. Owner Participation Agreements

The Agency has entered into two OPA's with property owners within Gateway. The agreements with Wal-Mart and Enterprise Rent-A-Car place the required OPA payments in a subordinate position to debt service on the Bonds. The WalMart agreement was fulfilled and terminated after 2011-12 and the Enterprise agreement is expected to terminate by 2015-16. Please see the footnotes on the attached Gateway Table 1 for greater detail.

Within Industrial, the former redevelopment agency entered into an OPA with Pusan Pipe that calls for payment to be made through fiscal year 2016-17 in an amount of \$24,192.

VIII. Development Activities

Since January 1, 2014 within the Project Area, there have been 108 transfers of real property ownership where the sales price can be confirmed. These transfers of ownership represent a combined increase of \$19.9 million in assessed value that is expected to be added to the tax rolls for 2015-16. New development continues to occur within the Project Area but no additional value has been included in the projections for new construction.

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but eight years since 1981. The years in which less than two percent growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%) and 2014-15 (0.454%). We have used the announced factor to project the inflationary growth for 2014-15. We have assumed a resumption of 2% annual inflationary growth in all subsequent fiscal years. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

**Successor Agency of the City of Rialto
Merged Project Area**



8/11/2014

Projection of Incremental Taxable Value & Tax Increment Revenue
(000's Omitted)

Table 1

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Taxable Values (1)										
Real Property (2)	2,927,345	2,937,937	2,996,695	3,056,629	3,117,762	3,180,117	3,243,719	3,308,594	3,374,766	3,442,261
Personal Property (3)	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>	<u>224,518</u>
Total Projected Value	3,151,864	3,162,455	3,221,214	3,281,148	3,342,280	3,404,635	3,468,238	3,533,112	3,599,284	3,666,779
Taxable Value over Base	632,677	2,519,187	2,529,778	2,588,536	2,648,470	2,709,603	2,771,958	2,835,561	2,900,435	3,034,102
Gross Tax Increment Revenue (4)	28,640	28,704	29,370	30,049	30,742	31,449	32,170	32,906	33,656	34,421
Unitary Tax Revenue (5)	173	173	173	173	173	173	173	173	173	173
<u>Section 33676 BY Inflationary Adjustments (10)</u>										
County Superintendent of Schools (10)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
San Bernardino Community College Dist. (10)	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>
Adjusted Gross Revenues	28,809	28,873	29,538	30,218	30,910	31,617	32,338	33,073	33,823	34,588
LESS:										
SB 2557 Admin. Fee (6)	(147)	(148)	(151)	(155)	(158)	(162)	(165)	(169)	(173)	(177)
County Collection Fee (7)	(63)	(64)	(65)	(67)	(68)	(70)	(71)	(73)	(75)	(76)
Housing Set Aside Requirement (8)	(5,762)	(5,775)	(5,908)	(6,044)	(6,182)	(6,323)	(6,468)	(6,615)	(6,765)	(6,918)
<u>Pass Throughs</u>										
San Bernardino County General Fund (9)	(776)	(782)	(798)	(814)	(830)	(847)	(864)	(881)	(899)	(917)
County Flood Control District (9)	(322)	(320)	(327)	(334)	(340)	(347)	(354)	(361)	(369)	(376)
County Library System (9)	(155)	(155)	(158)	(161)	(164)	(168)	(171)	(174)	(178)	(181)
Colton Unified School District (9)	(463)	(463)	(472)	(482)	(491)	(501)	(511)	(521)	(531)	(541)
SB Municipal Water District (9)	(1,016)	(1,022)	(1,044)	(1,068)	(1,091)	(1,115)	(1,140)	(1,165)	(1,190)	(1,216)
Rialto Unified School District (10)	(30)	(30)	(30)	(31)	(32)	(32)	(33)	(34)	(35)	(35)
West Resource Conservation District (11)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
West SB County Water District (11)	(142)	(181)	(184)	(187)	(191)	(194)	(197)	(200)	(204)	(207)
Tax Revenues	19,930	19,931	20,398	20,875	21,361	21,856	22,362	22,878	23,404	23,940
<u>Subordinate Pass Throughs/Obligations</u>										
Statutory Tax Sharing Payments (9)	(819)	(794)	(844)	(895)	(947)	(1,001)	(1,060)	(1,120)	(1,183)	(1,248)
AB 1290 Statutory Tax Sharing Payments (9)	(3,018)	(3,079)	(3,206)	(3,336)	(3,469)	(3,604)	(3,742)	(3,882)	(4,026)	(4,172)
County Superintendent of Schools (12)	(13)	(13)	(13)	(13)	(14)	(14)	(14)	(15)	(15)	(15)
Rialto Unified School District (12)	(68)	(71)	(73)	(75)	(78)	(80)	(83)	(85)	(88)	(91)
SB Community College District (12)	(84)	(85)	(86)	(88)	(90)	(92)	(94)	(96)	(98)	(100)
1997 COP Debt Service (13)	(200)	(198)	(199)	(199)	(198)	(200)	(199)	(199)	0	0
Pusan Pipe OPA #2	(24)	(24)	(24)	0	0	0	0	0	0	0
Enterprise Rent-a-Car OPA Payment (10)	<u>(108)</u>	<u>(108)</u>	0	0	0	0	0	0	0	0
Net Tax Revenue	15,595	15,560	15,953	16,268	16,565	16,865	17,170	17,479	17,993	18,314

- (1) Taxable values as reported by San Bernardino County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% in 2015-16 and at 2% annually thereafter. Values for 2015-16 are decreased by \$66.6 million for projected value loss due to pending assessment appeals. Values for 2015-16 are increased by \$19.9 million for 108 transfers of ownership after 1/1/2014.
- (3) Personal property is held constant at 2013-14 level.
- (4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. Override rates for San Bernardino Valley Municipal Water District and Metropolitan Water District are projected to remain at their current tax rates per \$100 of taxable value through FY 2034-35 when both tax rates are scheduled to expire. Projections are based on \$1.00 per \$100 of taxable value beginning in FY 2035-36.
- (5) Unitary Revenue is held constant at 2013-14 level.
- (6) SB 2557 Administrative cost is estimated at 0.51% of Adjusted Gross Revenue.
- (7) County Collection Charge is calculated at 0.25% of general levy tax increment revenue.
- (8) Per ABx1 26, the low and moderate income housing requirement is no longer applicable. Debts secured by Housing Set-Aside funds will hereafter be secured by tax revenues allocable to the Successor Agency. Set-Aside amounts shown are illustrative of amounts available for payment of debt service secured by Housing Set-Aside.
- (9) See projections for individual Project Areas.
- (10) See projection for Gateway Project Area.
- (11) See projection for Agua Mansa Project Area.
- (12) See projection for Aguag Mansa and Central Business District Project Areas.
- (13) See projection for Industrial Park Project Area.

Successor Agency of the City of Rialto

Merged Project Area

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2



8/11/2014

Fiscal Year	Total Taxable Value	Taxable Value Over Base		Adjusted Gross Revenue **	County Admin. Charges	Housing Set-Aside	Pass-Throughs Agreements	Tax Revenues	Statutory Tax Sharing Payments			Subordinate Pass-Through Payments	Combined OPA Payments	2007 COP Debt Service	Net Tax Revenue
		Various	Revenue **						Tier 1	Tier 2	Tier 3				
1 2014-15	3,151,864	2,519,187	28,809	(211)	(5,762)	(2,906)	19,930	(3,302)	(536)	0	(165)	(132)	(200)	15,595	
2 2015-16	3,162,455	2,529,778	28,873	(211)	(5,775)	(2,955)	19,931	(3,319)	(554)	0	(168)	(132)	(198)	15,560	
3 2016-17	3,221,214	2,588,536	29,538	(216)	(5,908)	(3,016)	20,398	(3,422)	(628)	0	(172)	(24)	(199)	15,953	
4 2017-18	3,281,148	2,648,470	30,218	(221)	(6,044)	(3,078)	20,875	(3,528)	(704)	0	(177)	(24)	(199)	16,243	
5 2018-19	3,342,280	2,709,603	30,910	(226)	(6,182)	(3,141)	21,361	(3,635)	(781)	0	(182)		(198)	16,565	
6 2019-20	3,404,635	2,771,958	31,617	(231)	(6,323)	(3,206)	21,856	(3,744)	(860)	0	(186)		(200)	16,865	
7 2020-21	3,468,238	2,835,561	32,338	(237)	(6,468)	(3,271)	22,362	(3,856)	(946)	0	(191)		(199)	17,170	
8 2021-22	3,533,112	2,900,435	33,073	(242)	(6,615)	(3,339)	22,878	(3,970)	(1,033)	0	(196)		(199)	17,479	
9 2022-23	3,599,284	2,966,607	33,823	(248)	(6,765)	(3,407)	23,404	(4,086)	(1,123)	0	(201)		(199)	17,993	
10 2023-24	3,666,779	3,034,102	34,588	(253)	(6,918)	(3,477)	23,940	(4,205)	(1,215)	0	(206)			18,314	
11 2024-25	3,735,624	3,102,947	35,368	(259)	(7,074)	(3,548)	24,487	(4,326)	(1,309)	0	(211)			18,641	
12 2025-26	3,805,847	3,173,169	36,163	(265)	(7,233)	(3,620)	25,046	(4,449)	(1,405)	0	(217)			18,975	
13 2026-27	3,877,473	3,244,796	36,975	(271)	(7,395)	(3,694)	25,615	(4,575)	(1,503)	0	(222)			19,315	
14 2027-28	3,950,532	3,317,855	37,803	(277)	(7,561)	(3,770)	26,196	(4,703)	(1,602)	0	(228)			19,663	
15 2028-29	4,025,053	3,392,375	38,647	(283)	(7,729)	(3,847)	26,788	(4,834)	(1,704)	0	(233)			20,017	
16 2029-30	4,101,063	3,468,386	39,509	(289)	(7,902)	(3,926)	27,392	(4,968)	(1,808)	0	(239)			20,378	
17 2030-31	4,178,594	3,545,917	40,387	(295)	(8,077)	(4,006)	28,009	(5,104)	(1,914)	0	(245)			20,746	
18 2031-32 (1)	4,257,676	3,624,999	41,283	(302)	(8,257)	(4,087)	28,637	(5,243)	(2,021)	0	(251)			21,122	
19 2032-33	3,468,347	2,850,943	32,486	(235)	(6,497)	(3,330)	22,424	(4,291)	(1,741)	0	(257)			16,136	
20 2033-34	3,534,422	2,917,018	33,235	(240)	(6,647)	(3,399)	22,949	(4,405)	(1,831)	(54)	(263)			16,395	
21 2034-35	3,601,819	2,984,414	34,000	(246)	(6,800)	(3,469)	23,485	(4,522)	(1,924)	(110)	(270)			16,660	
22 2035-36	3,670,563	3,053,159	33,418	(245)	(6,684)	(3,513)	22,976	(4,592)	(2,000)	(166)	(276)			15,942	
23 2036-37 (2)	3,740,682	3,123,278	30,877	(232)	(6,175)	(3,452)	21,017	(4,287)	(1,882)	(200)	(283)			14,366	
24 2037-38	3,682,496	3,078,216	30,871	(232)	(6,174)	(3,432)	21,032	(4,305)	(1,949)	(252)	(290)			14,236	
25 2038-39 (3)	3,752,955	3,148,675	22,636	(172)	(4,527)	(479)	17,459	(4,184)	(1,945)	(306)	(166)			10,858	
26 2039-40	2,870,873	2,309,507	23,149	(176)	(4,630)	(481)	17,862	(4,285)	(2,028)	(360)	(170)			11,020	
27 2040-41 (4)	2,926,201	2,364,834	23,702	(180)	(4,740)	(494)	18,288	(4,388)	(2,113)	(416)	(174)			11,197	
28 2041-42	2,677,854	2,199,238	22,039	(169)	(4,408)		17,462	(4,408)	(2,168)	(473)				10,414	
29 2042-43	2,729,542	2,250,926	22,556	(173)	(4,511)		17,872	(4,511)	(2,255)	(530)				10,575	
30 2043-44	2,782,264	2,303,648	23,083	(177)	(4,617)		18,290	(4,617)	(2,343)	(589)				10,740	
31 2044-45	2,836,040	2,357,425	23,621	(181)	(4,724)		18,716	(4,724)	(2,434)	(650)				10,908	
32 2045-46	2,890,892	2,412,277	24,170	(185)	(4,834)		19,150	(4,834)	(2,526)	(711)				11,079	
33 2046-47	2,946,841	2,468,226	24,729	(190)	(4,946)		19,594	(4,946)	(2,620)	(774)				11,254	
34 2047-48	3,003,909	2,525,294	25,300	(194)	(5,060)		20,046	(5,060)	(2,716)	(838)				11,432	
			1,049,793	(7,763)	(209,959)	(84,345)	747,727	(147,626)	(56,119)	(6,428)	(5,840)	(313)	(1,593)	529,808	

(1) Last date to receive tax increment revenue for Industrial Park RP.

(2) Last date to receive tax increment revenue for Gateway RP.

(3) Last date to receive tax increment revenue for Agua Mansa RP.

(4) Last date to receive tax increment revenue for Central Business District RP.

** Gross Revenue net of Section 33676 BY Inflationary Adjustments from within the Gateway Project Area.

**Successor Agency of the City of Rialto
Merged Project Area**

Historical Taxable Value

Table 3



	Base Year (various)	2005-06	2006-07	Adjusted Base Year (2007-08)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Secured (1)</i>												
Land	571,789,539	508,480,877	607,420,713	563,921,465	757,271,327	849,616,248	870,743,143	823,690,412	828,405,444	821,236,517	877,535,606	932,364,998
Impts	0	884,561,170	1,145,205,058	6,996	1,468,805,502	1,680,594,979	1,596,358,134	1,578,902,223	1,559,980,155	1,566,707,695	1,585,814,290	1,783,933,621
Pers Prop	0	3,509,059	5,001,882	0	3,734,955	2,216,074	2,053,813	1,870,448	1,271,363	1,209,855	1,132,616	127,113
Exemptions	0	(40,419,602)	(42,301,833)	0	(43,850,650)	(50,867,170)	(55,861,602)	(58,170,102)	(85,941,478)	(92,985,435)	(108,061,307)	(108,299,227)
Total Secured	571,789,539	1,356,131,504	1,715,325,820	563,928,461	2,185,961,134	2,481,560,131	2,413,293,488	2,346,292,981	2,303,715,484	2,296,168,632	2,356,421,205	2,608,126,505
<i>Unsecured</i>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Impts	15,513,527	151,031,840	174,394,960	15,513,527	219,176,032	239,919,051	245,385,206	250,470,958	204,674,638	291,719,115	287,404,575	319,345,980
Pers Prop	53,235,125	151,422,857	156,312,886	53,235,125	208,296,958	226,254,425	233,922,161	212,617,530	200,267,290	208,583,983	199,991,810	224,761,675
Exemptions	0	(297,509)	(26,241)	0	(91,547)	(340,506)	(403,385)	(394,177)	(362,257)	(383,239)	(398,892)	(370,526)
Total Unsecured	68,748,652	302,157,188	330,681,605	68,748,652	427,381,443	465,832,970	478,903,982	462,694,311	404,579,671	499,919,859	486,997,493	543,737,129
GRAND TOTAL	640,538,191	1,658,288,692	2,046,007,425	632,677,113	2,613,342,577	2,947,393,101	2,892,197,470	2,808,987,292	2,708,295,155	2,796,088,491	2,843,418,698	3,151,863,634
Incremental Value		1,017,750,501	1,405,469,234		1,980,665,464	2,314,715,988	2,259,520,357	2,176,310,179	2,075,618,042	2,163,411,378	2,210,741,585	2,519,186,521
% Growth on Project Area AV			23.38%		27.73%	12.78%	-1.87%	-2.88%	-3.58%	3.24%	1.69%	10.85%

Source: County of San Bernardino

(1) Secured values include state assessed non-unitary utility property.

Successor Agency of the City of Rialto
Merged Project Area

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2014-15

Table 4



8/11/2014

	Secured			Unsecured			Total			Property Uses	Project Area
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Project Taxable Value	% of Project Inc. Value		
1. Target Corporation	\$231,285,206	17	8.87%	\$69,716,071	2	12.82%	\$301,001,277	9.55%	11.95%	Industrial Distribution Warehouse	Added Territory/Industrial Park Projects
2. Prologis-MacQuarie US LLC <small>(Pending Appeals On Parcels)</small>	\$235,969,763	20	9.05%	\$0	0	0.00%	\$235,969,763	7.49%	9.37%	Industrial Distribution Warehouse	Added Territory/Agua Mansa Projects
3. Teachers Insurance and Annuity Assoc. <small>(Pending Appeals On Parcels)</small>	\$109,243,725	2	4.19%	\$0	0	0.00%	\$109,243,725	3.47%	4.34%	Industrial Distribution Warehouse	Added Territory Project
4. FEDEX Ground Package System Inc.	\$42,024,044	4	1.61%	\$43,668,546	1	8.03%	\$85,692,590	2.72%	3.40%	Package Processing and Shipping	Agua Mansa Project
5. Toys "R" US - Delaware Inc.	\$41,600,603	2	1.60%	\$18,982,007	1	3.49%	\$60,582,610	1.92%	2.40%	Industrial Distribution Warehouse	Industrial Park Project
6. Staples the Office Superstore	\$32,928,914	1	1.26%	\$17,238,305	1	3.17%	\$50,167,219	1.59%	1.99%	Industrial Distribution Warehouse	Agua Mansa Project
7. SFPP LP	\$0	0	0.00%	\$47,728,080	1	8.78%	\$47,728,080	1.51%	1.89%	Unsecured Business Property (Rail)	Agua Mansa Project
8. I-210 Logistics Center Fund X LLC	\$46,801,197	16	1.79%	\$0	0	0.00%	\$46,801,197	1.48%	1.86%	Industrial Warehouse/Vacant Land	Industrial Park Project
9. 100 Cedar Avenue LLC	\$45,547,016	1	1.75%	\$0	0	0.00%	\$45,547,016	1.45%	1.81%	Industrial Distribution Warehouse	Industrial Park Project
10. Locust and Linden Fund IX LLC <small>(Pending Appeals On Parcels)</small>	\$31,327,119	2	1.20%	\$0	0	0.00%	\$31,327,119	0.99%	1.24%	Industrial Distribution Warehouse	Industrial Park Project
Totals:	\$816,727,587	65		\$197,333,009	6		\$1,014,060,596				
Total Assessed Values:	\$2,608,126,505		31.31%	\$543,737,129		36.29%	\$3,151,863,634	32.17%			
Incremental Assessed Value:	2,044,198,044		39.95%	474,988,477		41.54%	2,519,186,521	40.25%			

Successor Agency of the City of Rialto
Merged Project Area
New Development
Table 5



08/11/14

<u>Real Property Value</u>	<u>SqFt/ Units</u>	<u>Value</u>	<u>Total Value</u>	<u>Less Existing</u>	000's omitted		<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
					<u>Total Value Added</u>	<u>Start</u> <u>Complete</u>					
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0
Transfers of Ownership after Jan.1, 2014	108	Lump Sum	<u>\$46,423,637</u>	<u>(\$26,512,763)</u>	<u>\$19,911</u>		19,911	0	0	0	0
Total Real Property Value			\$46,423,637	(\$26,512,763)	19,911		19,911	0	0	0	0
						Adj. Annually for Inflation @	\$19,911	\$0	\$0	\$0	\$0
						2.0%					

**Successor Agency of the City of Rialto
Industrial Park Redevelopment Project**



Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

8/11/2014

Table 1

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Taxable Values (1)										
Real Property (2)	587,378	578,521	590,092	601,894	613,932	626,210	638,734	651,509	664,539	677,830
Personal Property (3)	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>	<u>59,922</u>
Total Projected Value	647,300	638,444	650,014	661,816	673,854	686,132	698,656	711,431	724,461	737,752
Taxable Value over Base	15,273	632,027	623,170	634,741	646,543	658,581	670,859	683,383	696,158	709,188
Gross Tax Increment Revenue (4)	7,160	7,025	7,156	7,289	7,425	7,563	7,704	7,848	7,995	8,145
Unitary Tax Revenue (5)	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>
Gross Revenues	7,236	7,101	7,232	7,365	7,501	7,639	7,780	7,924	8,071	8,221
LESS:										
SB 2557 Admin. Fee (6)	(39)	(38)	(39)	(40)	(40)	(41)	(42)	(43)	(43)	(44)
County Collection Charge (7)	(16)	(16)	(16)	(16)	(17)	(17)	(17)	(18)	(18)	(18)
Housing Set Aside Requirement (8)	(1,447)	(1,420)	(1,446)	(1,473)	(1,500)	(1,528)	(1,556)	(1,585)	(1,614)	(1,644)
Pass Throughs										
County General Fund (9)	(396)	(391)	(398)	(406)	(413)	(421)	(429)	(437)	(445)	(454)
County Flood Control District (10)	(149)	(147)	(150)	(153)	(155)	(158)	(161)	(164)	(167)	(170)
County Free Library (11)	<u>(76)</u>	<u>(75)</u>	<u>(76)</u>	<u>(78)</u>	<u>(79)</u>	<u>(81)</u>	<u>(82)</u>	<u>(84)</u>	<u>(85)</u>	<u>(87)</u>
Tax Revenue	5,112	5,014	5,106	5,200	5,295	5,393	5,493	5,594	5,698	5,803
Subordinate Obligations										
SB 211 Statutory Tax Sharing Tier 1 (12)	(678)	(662)	(683)	(705)	(728)	(751)	(774)	(798)	(822)	(847)
SB 211 Statutory Tax Sharing Tier 2 (12)	(94)	(82)	(97)	(113)	(129)	(146)	(162)	(179)	(197)	(214)
2007 COP Debt Service	(200)	(198)	(199)	(199)	(198)	(200)	(199)	(199)	0	0
Pusan Pipe OPA #2	<u>(24)</u>	<u>(24)</u>	<u>(24)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Tax Revenue	4,116	4,048	4,102	4,183	4,240	4,297	4,358	4,418	4,679	4,742

- (1) Taxable values as reported by San Bernardino County.
- (2) Real property consists of land and improvements. Increased for inflation at 2.00% in 2015-16 and at 2.00% annually thereafter. Values for 2015-16 are increased by \$2,000,447 due to 2 transfers of ownership after 1/1/2014 and decreased by \$22.2 million for projected value loss due to pending assessment appeals.
- (3) Personal property is held constant at 2014-15 level.
- (4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. Override rates for San Bernardino Valley Municipal Water District and Metropolitan Water District are projected to remain at their current tax rates per \$100 of taxable value through FY 2034-35 when both tax rates are scheduled to expire. Projections are based on \$1.00 per \$100 of taxable value beginning in FY 2035-36.
- (5) Unitary Revenue is held constant at 2013-14 level.
- (6) SB 2557 Administrative cost is estimated at 0.54% of Gross Revenue.
- (7) County Collection Charge is calculated at 0.25% of general levy tax increment revenue.
- (8) Per ABx1 26, the low and moderate income housing requirement is no longer applicable. Debts secured by Housing Set-Aside funds will hereafter be secured by tax revenues allocable to the Successor Agency. Set-Aside amounts shown are illustrative of amounts available for payment of debt service secured by Housing Set-Aside.
- (9) San Bernardino County receives its share (15.35%) of general levy revenue on inflationary growth on base year real value. In addition, County receives a portion of general levy tax increment revenue net of Housing Set-Aside and inflationary pass through. This portion is 0% through 1998-99; 15% from 1999-00 through 2003-04; 25% from 2004-05 through 2010-11; and, 50% from 2011-12 forward.
- (10) County Flood Control receives its share (2.92%) of general levy revenue on inflationary growth on base year real value and its share of general levy tax increment revenue less the share of inflationary growth. All pass through amounts are net of housing set-aside.
- (11) County Library System receives its share (1.49%) of general levy revenue on inflationary growth on base year real value and its share of general levy tax increment revenue less the share of inflationary growth. All pass through amounts are net of housing set-aside.
- (12) The Agency has eliminated the Plan's time limit for incurrence of new debt. The Agency is obligated to make tax sharing payments pursuant to Section 33607.7 of the Law beginning in fiscal year 2004-05 and using Project Area values for 2003-04 as an adjusted base year value. Taxing Entities that do not have existing tax sharing agreements receive their prorated shares of 25% of revenue derived from the incremental increase in value above the adjusted base year value net of Housing Set-Aside. In addition, beginning in 2014-15 and using the project area values of 2013-14 as a second adjusted base year value, tax entities without tax sharing agreements receive their prorated shares of 21% of the revenue derived from the incremental difference increase in value above the second adjusted base year value net of Housing Set-Aside. The City may elect to receive its share of Tier 1 payments only.

**Successor Agency of the City of Rialto
Industrial Park Redevelopment Project**

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2



8/11/14

		Taxable Value		Gross Tax Revenue	County Admin. Charges	Housing Set-Aside	Pass-Throughs Agreements	Tax Revenue	Statutory Tax Sharing Payments		2007 COP Debt Service **	Pusan Pipe OPA #2	Net Tax Revenue
		Total Taxable Value	Over Base 15,273						Tier 1	Tier 2			
1	2014-15	647,300	632,027	7,236	(55)	(1,447)	(621)	5,112	(678)	(94)	(200)	(24)	4,116
2	2015-16	638,444	623,170	7,101	(54)	(1,420)	(613)	5,014	(662)	(82)	(198)	(24)	4,048
3	2016-17	650,014	634,741	7,232	(55)	(1,446)	(625)	5,106	(683)	(97)	(199)	(24)	4,102
4	2017-18	661,816	646,543	7,365	(56)	(1,473)	(636)	5,200	(705)	(113)	(199)	(24)	4,158
5	2018-19	673,854	658,581	7,501	(57)	(1,500)	(648)	5,295	(728)	(129)	(198)		4,240
6	2019-20	686,132	670,859	7,639	(58)	(1,528)	(660)	5,393	(751)	(146)	(200)		4,297
7	2020-21	698,656	683,383	7,780	(59)	(1,556)	(672)	5,493	(774)	(162)	(199)		4,358
8	2021-22	711,431	696,158	7,924	(60)	(1,585)	(685)	5,594	(798)	(179)	(199)		4,418
9	2022-23	724,461	709,188	8,071	(61)	(1,614)	(698)	5,698	(822)	(197)			4,679
10	2023-24	737,752	722,479	8,221	(62)	(1,644)	(711)	5,803	(847)	(214)			4,742
11	2024-25	751,309	736,036	8,374	(64)	(1,675)	(724)	5,911	(872)	(233)			4,806
12	2025-26	765,136	749,863	8,530	(65)	(1,706)	(738)	6,021	(898)	(251)			4,872
13	2026-27	779,241	763,968	8,689	(66)	(1,738)	(752)	6,133	(924)	(270)			4,939
14	2027-28	793,627	778,354	8,851	(67)	(1,770)	(766)	6,247	(951)	(289)			5,007
15	2028-29	808,301	793,028	9,016	(69)	(1,803)	(780)	6,364	(978)	(309)			5,077
16	2029-30	823,269	807,996	9,185	(70)	(1,837)	(795)	6,483	(1,006)	(329)			5,148
17	2030-31	838,536	823,263	9,357	(71)	(1,871)	(810)	6,604	(1,035)	(349)			5,220
18	2031-32	854,108	838,835	9,533	(72)	(1,907)	(826)	6,728	(1,064)	(370)			5,294
				147,605	(1,122)	(29,521)	(12,762)	104,201	(15,176)	(3,813)	(1,593)	(97)	83,522

** The City has agreed to the subordination of COP reimbursement payments.

**Successor Agency of the City of Rialto
Industrial Park Redevelopment Project**



Historical Assessed Values

Table 3

08/11/14

	Base Year 1978-79	2005-06	2006-07	Revised Base Year (2007-08)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Secured (1)</i>												
Land	7,940,954	86,622,212	111,773,600	7,800,440	143,120,573	163,350,424	189,097,932	177,034,097	179,449,603	177,896,349	203,244,984	211,268,194
Improvements	0	121,850,983	140,990,861	6,996	232,267,628	252,299,372	286,658,865	246,944,453	237,227,849	238,106,673	244,209,199	319,046,615
Personal Property	0	485,147	302,179	0	196,135	5,980	5,642	4,903	4,027	3,879	3,285	0
Exemptions	0	0	0	0	0	0	0	0	0	0	0	0
Total Secured	<u>7,940,954</u>	<u>208,958,342</u>	<u>253,066,640</u>	<u>7,807,436</u>	<u>375,584,336</u>	<u>415,655,776</u>	<u>475,762,439</u>	<u>423,983,453</u>	<u>416,681,479</u>	<u>416,006,901</u>	<u>447,457,468</u>	<u>530,314,809</u>
<i>Unsecured</i>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Improvements	0	48,186,697	51,156,042	0	57,637,862	56,796,657	61,803,350	58,584,054	51,945,227	58,158,363	60,682,091	57,063,199
Personal Property	7,465,580	58,094,787	60,539,785	7,465,580	63,536,554	67,912,735	71,762,529	68,821,983	63,282,316	70,767,891	68,902,003	59,922,046
Exemptions	0	0	0	0	0	0	0	0	0	0	0	0
Total Unsecured	<u>7,465,580</u>	<u>106,281,484</u>	<u>111,695,827</u>	<u>7,465,580</u>	<u>121,174,416</u>	<u>124,709,392</u>	<u>133,565,879</u>	<u>127,406,037</u>	<u>115,227,543</u>	<u>128,926,254</u>	<u>129,584,094</u>	<u>116,985,245</u>
GRAND TOTAL	<u>15,406,534</u>	<u>315,239,826</u>	<u>364,762,467</u>	<u>15,273,016</u>	<u>496,758,752</u>	<u>540,365,168</u>	<u>609,328,318</u>	<u>551,389,490</u>	<u>531,909,022</u>	<u>544,933,155</u>	<u>577,041,562</u>	<u>647,300,054</u>
Incremental Value		299,833,292	349,355,933		481,485,736	525,092,152	594,055,302	536,116,474	516,636,006	529,660,139	561,768,546	632,027,038
Percentage Growth			16.52%		37.82%	9.06%	13.13%	-9.75%	-3.63%	2.52%	6.06%	12.51%

Source: County of San Bernardino

(1) Secured values include state assessed non-unitary utility property.

(2) Adjusted for two successful appeals not reflected on the 2013-14 Lien Date Roll.

**Successor Agency of the City of Rialto
Industrial Park Redevelopment Project**

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2014-15

Table 4



8/11/2014

	Secured			Unsecured			Total			Property Uses
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Projct Taxable Value	% of Projct Inc. Value	
1. Toys "R" US - Delaware Inc.	\$41,600,603	2	7.84%	\$18,982,007	1	16.23%	\$60,582,610	9.36%	9.59%	Industrial Distribution Warehouse
2. Staples the Office Superstore	\$32,928,914	1	6.21%	\$17,238,305	1	14.74%	\$50,167,219	7.75%	7.94%	Industrial Distribution Warehouse
3. 100 Cedar Avenue LLC	\$45,547,016	1	8.59%	\$0	0	0.00%	\$45,547,016	7.04%	7.21%	Industrial Distribution Warehouse
4. Target Corporation	\$44,644,648	1	8.42%	\$0	0	0.00%	\$44,644,648	6.90%	7.06%	Industrial Distribution Warehouse
5. Locust and Linden Fund IX LLC (Pending Appeals On Parcels)	\$31,327,119	2	5.91%	\$0	0	0.00%	\$31,327,119	4.84%	4.96%	Industrial Distribution Warehouse
6. AMB Property LP (Pending Appeals On Parcels)	\$25,798,333	1	4.86%	\$0	0	0.00%	\$25,798,333	3.99%	4.08%	Industrial Distribution Warehouse
7. 1364 Rialto Avenue LLC	\$24,452,984	1	4.61%	\$0	0	0.00%	\$24,452,984	3.78%	3.87%	Industrial Distribution Warehouse
8. Burlingame Industries Inc.	\$9,229,236	5	1.74%	\$10,116,866	1	8.65%	\$19,346,102	2.99%	3.06%	Roof Tile Manufacturing
9. DCT Renaissance Rialto LLC	\$18,846,679	10	3.55%	\$0	0	0.00%	\$18,846,679	2.91%	2.98%	Vacant Land
10. Robertsons Ready Mix Limited	\$9,664,283	3	1.82%	\$7,954,698	6	6.80%	\$17,618,981	2.72%	2.79%	Concrete, Rock and Sand Production
Totals:	\$284,039,815	27		\$54,291,876	9		\$338,331,691			
Total Assessed Values:	\$530,314,809		53.56%	\$116,985,245		46.41%	\$647,300,054		52.27%	
Incremental Assessed Value:	522,507,373		54.36%	109,519,665		49.57%	632,027,038		53.53%	

**Successor Agency of the City of Rialto
Industrial Park Redevelopment Project
New Development
Table 5**



08/11/14

<u>Real Property Value</u>	<u>SqFt/ Units</u>	<u>Value</u>	<u>Total Value</u>	<u>Less Existing</u>	000's omitted		<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
					<u>Total Value</u>	<u>Added</u>					
					<u>Start</u>	<u>Complete</u>					
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0
Transfers of Ownership after Jan.1, 2014	2	Lump Sum	<u>\$5,400,000</u>	<u>(\$3,399,553)</u>	<u>\$2,000</u>		2,000	0	0	0	0
Total Real Property Value			<u>\$5,400,000</u>	<u>(\$3,399,553)</u>	<u>2,000</u>		<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
					Annually for Inflation @	2.0%	\$2,000	\$0	\$0	\$0	\$0

Successor Agency of the City of Rialto

Gateway Redevelopment Project



Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

8/11/2014

Table 1

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Taxable Values (1)										
Real Property (2)	81,270	80,641	82,254	83,899	85,577	87,289	89,035	90,815	92,632	94,484
Personal Property (3)	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>	<u>5,038</u>
Total Projected Value	86,308	85,679	87,292	88,937	90,615	92,327	94,072	95,853	97,669	99,522
Taxable Value over Base	13,124	73,184	72,556	74,168	75,813	77,491	79,203	80,949	82,729	84,546
Gross Tax Increment Revenue (4)	851	843	862	881	901	921	941	962	983	1,004
Unitary Tax Revenue (5)	8	8	8	8	8	8	8	8	8	8
Gross Revenues	859	851	870	889	909	929	949	970	991	1,012
<u>Section 33676 BY Inflationary Adjustments (6)</u>										
County Superintendent of Schools	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
San Bernardino Community College Dist.	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)
Adjusted Gross Revenues	854	847	866	884	904	923	943	964	985	1,006
LESS:										
SB 2557 Admin. Fee (7)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
County Collection Charge (8)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Housing Set Aside Requirement (9)	(171)	(169)	(173)	(177)	(181)	(185)	(189)	(193)	(197)	(201)
Pass Throughs										
County General Fund (10)	(2)	(12)	(12)	(13)	(13)	(14)	(14)	(15)	(16)	(16)
County Flood Control District (11)	(17)	(17)	(17)	(18)	(18)	(18)	(19)	(19)	(20)	(20)
Colton Unified School District (12)	(29)	(28)	(29)	(30)	(30)	(31)	(32)	(32)	(33)	(34)
Rialto Unified School District (13)	(30)	(30)	(30)	(31)	(32)	(32)	(33)	(34)	(35)	(35)
San Bernardino Vly Municipal Water Dist. (14)	<u>(112)</u>	<u>(111)</u>	<u>(113)</u>	<u>(116)</u>	<u>(118)</u>	<u>(121)</u>	<u>(123)</u>	<u>(126)</u>	<u>(129)</u>	<u>(132)</u>
Tax Revenue	488	474	484	495	505	516	526	537	549	560
Subordinate Obligations										
SB 211 Statutory Tax Sharing Tier 1 (15)	(10)	(9)	(11)	(12)	(14)	(15)	(17)	(18)	(20)	(22)
SB 211 Statutory Tax Sharing Tier 2 (15)	0	0	(1)	(2)	(3)	(4)	(4)	(5)	(6)	(7)
SB 211 Statutory Tax Sharing Tier 3 (15)	0	0	0	0	0	0	0	0	0	0
Enterprise Rent-a-Car OPA Payment (16)	<u>(108)</u>	<u>(108)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Tax Revenue	370	357	473	481	489	497	505	514	522	531

Successor Agency of the City of Rialto Gateway Redevelopment Project



Footnotes for Projection of Tax Increment Revenue

8/11/2014

- (1) Taxable values as reported by San Bernardino County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% in 2015-16 and at 2% annually thereafter. Values for 2015-16 are decreased by \$2,455,136 for projected value loss due to pending assessment appeals. Values for 2015-16 are increased by \$250,000 for 1 transfer of ownership after 1/1/2014.
- (3) Personal property is held constant at 2014-15 level.
- (4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. Override rate for San Bernardino Valley Municipal Water District is projected to remain at \$1.1625 per \$100 of taxable value through FY 2034-35 when this tax rate is scheduled to expire. Projections are based on \$1.00 per \$100 of taxable value beginning in FY 2035-36.
- (5) Unitary Revenue is held constant at 2013-14 level.
- (6) Pursuant to HSC Section 33676 these base year adjustment amounts are withheld by the County. Amounts are based on the taxing entities share of general levy revenue derived from inflationary growth on base year real property assessed value.
- (7) SB 2557 Administrative cost is estimated at 0.51% of Gross Revenue.
- (8) County Collection Charge is calculated at 0.25% of general levy tax increment revenue.
- (9) Per ABx1 26, the low and moderate income housing requirement is no longer applicable. Debts secured by Housing Set-Aside funds will hereafter be secured by tax revenues allocable to the Successor Agency. Set-Aside amounts shown are illustrative of amounts available for payment of debt service secured by Housing Set-Aside.
- (10) County of San Bernardino receives its stipulated share (15.5%) of inflationary growth on base year real property value.
- (11) Flood Control District receives its stipulated share (2.3%) of general levy tax increment revenue.
- (12) Colton USD receives 30% of its share (32.27%) of general levy tax revenue net of Housing Set-Aside from the portion of the Project Area (49.88%) contained within the District.
- (13) Rialto USD receives 30% of its share (33.70%) of general levy tax revenue net of housing set-aside from the portion of the Project Area (50.12%) contained within the District.
- (14) San Bernardino Valley Municipal Water District receives its share (2.78%) of general levy tax revenue net of housing set-aside. Additionally, the District receives its share (0.1625%) of debt service override revenue net of housing set-aside.
- (15) The Agency has eliminated the Plan's time limit for incurrence of new debt. The Agency is obligated to make tax sharing payments pursuant to Section 33607.7 of the Law beginning in fiscal year 2006-07 and using Project Area values for 2005-06 as an adjusted base year value. Taxing Entities that do not have existing tax sharing agreements receive their prorated shares of 25% of revenue derived from the incremental increase in value above the adjusted base year value net of Housing Set-Aside. In addition, beginning in 2016-17 and using the project area values of 2015-16 as a second adjusted base year value, tax entities without tax sharing agreements receive their prorated shares of 21% of the revenue derived from the incremental difference increase in value above the second adjusted base year value net of Housing Set-Aside. City may only elect to receive its share of Tier 1 payments.
- (16) The Agency has entered into an Owner's Participation Agreement with Enterprise Rent-a-Car calling for the Agency to reimburse Enterprise for \$861,807 in development costs from tax increment revenues derived from the site including 11% simple interest. Payments will be the lesser of 50% of the amount of sales tax generated by the project or annual payments of \$108,222. The level annual payments have to date been the lesser amount and are projected to remain so. Payments began in 1996-97 and will continue through 2015-16. Payments are subordinated to debt service on any bonded debt.

Successor Agency of the City of Rialto

Gateway Redevelopment Project

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)



08/11/14

Table 2

		Total Taxable Value	Taxable Value Over Base 13,124	Adjusted Gross Revenue **	County Admin. Charges	Housing Set-Aside	Pass-Throughs Agreements	Tax Revenues	Statutory Tax Sharing Payments		Enterprise OPA Payments	Net Tax Revenue
									Tier 1	Tier 2		
1	2014-15	86,308	73,184	854	(6)	(171)	(189)	488	(10)	0	(108)	370
2	2015-16	85,679	72,556	847	(6)	(169)	(197)	474	(9)	0	(108)	357
3	2016-17	87,292	74,168	866	(6)	(173)	(202)	484	(11)	(1)		473
4	2017-18	88,937	75,813	884	(6)	(177)	(207)	495	(12)	(2)		481
5	2018-19	90,615	77,491	904	(7)	(181)	(211)	505	(14)	(3)		489
6	2019-20	92,327	79,203	923	(7)	(185)	(216)	516	(15)	(4)		497
7	2020-21	94,072	80,949	943	(7)	(189)	(221)	526	(17)	(4)		505
8	2021-22	95,853	82,729	964	(7)	(193)	(227)	537	(18)	(5)		514
9	2022-23	97,669	84,546	985	(7)	(197)	(232)	549	(20)	(6)		522
10	2023-24	99,522	86,398	1,006	(7)	(201)	(237)	560	(22)	(7)		531
11	2024-25	101,412	88,288	1,028	(7)	(206)	(243)	572	(24)	(8)		540
12	2025-26	103,339	90,216	1,050	(8)	(210)	(248)	584	(25)	(9)		549
13	2026-27	105,305	92,182	1,072	(8)	(214)	(254)	596	(27)	(10)		559
14	2027-28	107,311	94,187	1,095	(8)	(219)	(260)	609	(29)	(12)		568
15	2028-29	109,356	96,232	1,119	(8)	(224)	(266)	621	(31)	(13)		578
16	2029-30	111,442	98,319	1,143	(8)	(229)	(272)	634	(33)	(14)		588
17	2030-31	113,570	100,447	1,167	(8)	(233)	(278)	648	(35)	(15)		598
18	2031-32	115,741	102,618	1,192	(9)	(238)	(284)	661	(37)	(16)		608
19	2032-33	117,955	104,832	1,218	(9)	(244)	(291)	675	(39)	(17)		619
20	2033-34	120,214	107,090	1,244	(9)	(249)	(297)	689	(41)	(18)		629
21	2034-35	122,517	109,393	1,270	(9)	(254)	(304)	703	(43)	(20)		640
22	2035-36	124,867	111,743	1,134	(9)	(227)	(180)	718	(39)	(18)		661
23	2036-37	127,263	114,140	457	(4)	(91)	(89)	273	(41)	(19)		212
				<u>23,366</u>	<u>(170)</u>	<u>(4,673)</u>	<u>(5,404)</u>	<u>13,118</u>	<u>(592)</u>	<u>(223)</u>	<u>(216)</u>	<u>12,087</u>

** Gross Revenue net of Section 33676 BY Inflationary Adjustments

**Successor Agency of the City of Rialto
Gateway Redevelopment Project**



08/11/14

Historical Assessed Values
Table 3

	Base Year 1985-86	2005-06	2006-07	Revised Base Year (2007-08)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Secured (1)</i>												
Land	18,499,119	26,574,935	28,526,388	10,764,684	28,152,619	28,081,444	28,211,742	27,547,368	28,758,949	29,851,638	30,817,203	30,514,632
Improvements	0	37,322,084	42,790,367	0	57,736,551	46,516,565	46,878,421	47,885,014	46,265,980	45,228,581	45,465,862	46,062,148
Personal Property	0	1,203,112	1,055,278	0	464,417	507,696	188,287	105,533	103,932	92,146	110,060	91,989
Exemptions	0	(216,204)	(220,528)	0	0	(229,438)	(234,027)	(233,472)	(235,230)	(1,902,741)	(1,940,795)	(1,306,404)
Total Secured	18,499,119	64,883,927	72,151,505	10,764,684	86,353,587	74,876,267	75,044,423	75,304,443	74,893,631	73,269,624	74,452,330	75,362,365
<i>Unsecured</i>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Improvements	2,358,900	6,525,390	6,526,417	2,358,900	6,485,776	7,033,233	6,963,930	6,666,302	6,517,606	7,416,836	7,511,803	5,999,806
Personal Property	0	4,170,740	4,024,113	0	4,035,763	4,082,076	3,489,989	3,529,544	3,917,155	4,130,793	3,709,732	4,956,416
Exemptions	0	0	(15,256)	0	(14,350)	(14,214)	(13,092)	(13,087)	(13,780)	(13,161)	(12,011)	(10,590)
Total Unsecured	2,358,900	10,696,130	10,535,274	2,358,900	10,507,189	11,101,095	10,440,827	10,182,759	10,420,981	11,534,468	11,209,524	10,945,632
GRAND TOTAL	20,858,019	75,580,057	82,686,779	13,123,584	96,860,776	85,977,362	85,485,250	85,487,202	85,314,612	84,804,092	85,661,854	86,307,997
Incremental Value		54,722,038	61,828,760		83,737,192	72,853,778	72,361,666	72,363,618	72,191,028	71,680,508	72,538,270	73,184,413
Percentage Growth		#DIV/0!	12.99%		35.43%	-13.00%	-0.68%	0.00%	-0.24%	-0.71%	1.20%	0.89%

Source: County of San Bernardino

(1) Secured values include state assessed non-unitary utility property.

**Successor Agency of the City of Rialto
Gateway Redevelopment Project**

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2014-15

Table 4



8/11/2014

	Secured			Unsecured			Total			Property Uses
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Project Taxable Value	% of Project Inc. Value	
1. WalMart Realty Company (Pending Appeals On Parcels)	\$15,784,636	5	20.94%	\$1,149,098	1	10.50%	\$16,933,734	19.62%	23.14%	WalMart Retail Store/Vacant Land
2. Rialto Investment Company LLC	\$5,361,400	1	7.11%	\$0	0	0.00%	\$5,361,400	6.21%	7.33%	Days Inn Hotel
3. Opine Rialto LLC	\$3,827,297	2	5.08%	\$0	0	0.00%	\$3,827,297	4.43%	5.23%	Retail Commercial Center
4. K and L Dirt Company LC (Pending Appeals On Parcels)	\$3,235,840	3	4.29%	\$0	0	0.00%	\$3,235,840	3.75%	4.42%	Industrial Distribution Warehouse
5. Warren Marital Trust 10 2 10	\$3,109,083	2	4.13%	\$0	0	0.00%	\$3,109,083	3.60%	4.25%	Industrial Storage Warehouse
6. Serin Amin	\$2,911,157	4	3.86%	\$0	0	0.00%	\$2,911,157	3.37%	3.98%	Commercial Trucking
7. West Colton Rail Terminal LLC	\$0	0	0.00%	\$2,698,338	1	24.65%	\$2,698,338	3.13%	3.69%	Unsecured Business Property (Rail)
8. Rialto Covenant Group LP (Pending Appeals On Parcels)	\$2,495,054	2	3.31%	\$0	0	0.00%	\$2,495,054	2.89%	3.41%	Retail Commercial Center
9. Golden Tower Properties LLC	\$2,470,848	2	3.28%	\$0	0	0.00%	\$2,470,848	2.86%	3.38%	Retail Commercial Center
10. Ensman Enterprises LLC	\$2,376,845	2	3.15%	\$0	0	0.00%	\$2,376,845	2.75%	3.25%	Light Industrial Manufacturing
Totals:	\$41,572,160	23		\$3,847,436	2		\$45,419,596			
Total Assessed Values:	\$75,362,365		55.16%	\$10,945,632		35.15%	\$86,307,997		52.63%	
Incremental Assessed Value:	64,597,681		64.36%	8,586,732		44.81%	73,184,413		62.06%	

**Successor Agency of the City of Rialto
Gateway Redevelopment Project**

New Development
Table 5



8/11/14

<u>Real Property Value</u>	<u>SqFt/ Units</u>	<u>Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>Total Value</u>		<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	
					<u>Added</u>	<u>Start</u> <u>Complete</u>						
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0	
Transfers of Ownership after Jan.1, 2014	1	Lump Sum	<u>\$825,000</u>	<u>(\$575,000)</u>	<u>\$250</u>		250	0	0	0	0	
Total Real Property Value			\$825,000	(\$575,000)	250		250	0	0	0	0	
						Adj. Annually for Inflation @	2.0%	\$250	\$0	\$0	\$0	\$0

000's omitted

Successor Agency of the City of Rialto Agua Mansa Redevelopment Project



Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

8/11/2014

Table 1

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Taxable Values (1)										
Real Property (2)	558,502	558,870	570,048	581,449	593,078	604,939	617,038	629,379	641,966	654,806
Personal Property (3)	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>	<u>55,042</u>
Total Projected Value	613,543	613,912	625,089	636,490	648,119	659,981	672,080	684,420	697,008	709,847
Taxable Value over Base	42,914	570,629	570,998	582,175	593,576	605,205	617,067	629,165	641,506	666,933
Gross Tax Increment Revenue (4)	6,634	6,638	6,768	6,900	7,036	7,173	7,314	7,458	7,604	7,753
Unitary Tax Revenue (5)	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
Gross Revenues	6,669	6,673	6,803	6,936	7,071	7,209	7,349	7,493	7,639	7,788
LESS:										
SB 2557 Admin. Fee (6)	(33)	(33)	(33)	(34)	(35)	(35)	(36)	(37)	(37)	(38)
County Collection Fee (7)	(14)	(14)	(15)	(15)	(15)	(16)	(16)	(16)	(16)	(17)
Housing Set Aside Requirement (8)	(1,334)	(1,335)	(1,361)	(1,387)	(1,414)	(1,442)	(1,470)	(1,499)	(1,528)	(1,558)
Pass Throughs										
County General Fund (9)	(347)	(347)	(354)	(361)	(368)	(375)	(383)	(390)	(398)	(405)
County Flood Control District (10)	(132)	(132)	(135)	(137)	(140)	(143)	(145)	(148)	(151)	(154)
County Free Library (11)	(67)	(67)	(69)	(70)	(71)	(73)	(74)	(76)	(77)	(79)
Colton Unified School District (14)	(435)	(435)	(443)	(452)	(461)	(470)	(479)	(488)	(498)	(508)
Inland Empire Joint Resource Cons. Dist. (15)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
San Bernardino Vly Municipal Water Dist. (16)	(742)	(742)	(757)	(772)	(787)	(802)	(818)	(834)	(850)	(867)
West San Bernardino County Water Dist. (17)	<u>(142)</u>	<u>(181)</u>	<u>(184)</u>	<u>(187)</u>	<u>(191)</u>	<u>(194)</u>	<u>(197)</u>	<u>(200)</u>	<u>(204)</u>	<u>(207)</u>
Tax Revenue	3,421	3,384	3,450	3,518	3,587	3,658	3,729	3,803	3,877	3,954
Subordinate Obligations										
San Bernardino Community College Dist. (12)	(73)	(73)	(75)	(76)	(78)	(79)	(81)	(82)	(84)	(86)
County Superintendent of Schools (13)	(11)	(11)	(11)	(11)	(11)	(12)	(12)	(12)	(12)	(12)
SB 211 Statutory Tax Sharing Tier 1 (18)	(30)	(31)	(39)	(47)	(56)	(65)	(74)	(83)	(92)	(102)
SB 211 Statutory Tax Sharing Tier 2 (18)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5)</u>	<u>(10)</u>	<u>(14)</u>	<u>(19)</u>
Net Tax Revenue	3,306	3,269	3,326	3,383	3,442	3,502	3,558	3,616	3,675	3,734

Successor Agency of the City of Rialto Agua Mansa Redevelopment Project



Footnotes for Projection of Tax Increment Revenue

8/11/2014

- (1) Taxable values as reported by San Bernardino County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% in 2015-16 and at 2% annually thereafter. Values for 2015-16 are increased by \$595,962 due to 1 transfer of ownership from after 1/1/2014 and decreased by \$11,173,616 for projected value loss due to pending assessment appeals.
- (3) Personal property is held constant at 2014-15 level.
- (4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. Override rate for San Bernardino Valley Municipal Water District is projected to remain at \$1.1625 per \$100 of taxable value through FY 2034-35 when this tax rate is scheduled to expire. Projections are based on \$1.00 per \$100 of taxable value beginning in FY 2035-36.
- (5) Unitary Revenue is held constant at 2013-14 level.
- (6) SB 2557 Administrative cost is estimated at 0.49% of Gross Revenue.
- (7) County Collection Charge is calculated at 0.25% of general levy tax increment revenue.
- (8) Per ABx1 26, the low and moderate income housing requirement is no longer applicable. Debts secured by Housing Set-Aside funds will hereafter be secured by tax revenues allocable to the Successor Agency. Set-Aside amounts shown are illustrative of amounts available for payment of debt service secured by Housing Set-Aside.
- (9) County General Fund received 40% of its share of general levy tax increment revenue net of Housing Set-Aside through 1999-00; the County receives 50% of its share (15.12%) from 2000-01 through 2026-27 and 60% thereafter.
- (10) County Flood Control District receives its share (2.87%) of general levy tax increment revenue net of Housing Set-Aside.
- (11) County Library receives its share (1.46%) of general levy tax increment revenue net of Housing Set-Aside.
- (12) San Bernardino Community College District receives 30% of its share (5.31%) of general levy tax increment revenue net of Housing Set-Aside. This payment subordinate to payment of debt service on all bonded indebtedness.
- (13) County Superintendent of Schools receives 30% of its share (0.78%) of general levy tax increment revenue net of Housing Set-Aside. This payment subordinate to payment of debt service on all bonded indebtedness.
- (14) Colton Unified School District receives 30% of its share (31.54%) of general levy tax increment revenue net of Housing Set-Aside.
- (15) Inland Empire Joint Resource Conservation District (formerly West Resource Conservation District) receives 30% of its share (0.15%) of the general levy tax increment net of Housing Set-Aside.
- (16) San Bernardino Valley Municipal Water District receives 80% of its share (0.1625%) of debt service override. Debt service override is projected to remain constant. This rate is for purchase of water and is authorized through 2034-35.
- (17) West San Bernardino County Water District receives its share (2.97%) of the annual inflationary increase of base year real property plus 80% of its share of general levy tax increment revenue.
- (18) The Agency has eliminated the Plan's time limit for incurrence of new debt. The Agency is obligated to make tax sharing payments pursuant to Section 33607.7 of the Law beginning in fiscal year 2009-10 and using Project Area values for 2008-09 as an adjusted base year value. Taxing Entities that do not have existing tax sharing agreements receive their prorated shares of 25% of revenue derived from the incremental increase in value above the adjusted base year value net of Housing Set-Aside. In addition, beginning in 2019-20 and using the project area values of 2018-19 as a second adjusted base year value, taxing entities without tax sharing agreements receive their prorated shares of 21% of the revenue derived from the incremental difference increase in value above the second adjusted base year value net of Housing Set-Aside. The City may elect to receive its share of the first tier of statutory tax sharing payments.

**Successor Agency of the City of Rialto
 Agua Mansa Redevelopment Project**

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2



08/11/14

	Total Taxable Value	Taxable Value Over Base 42,914	Gross Tax Revenue	County Admin. Charges	Housing Set-Aside	Pass-Throughs Agreements	Tax Revenue	Subordinate Pass-Throughs Agreements	Statutory Tax Sharing Payments		Net Tax Revenue
									Tier 1	Tier 2	
1 2014-15	613,543	570,629	6,669	(47)	(1,334)	(1,867)	3,421	(84)	(30)	0	3,306
2 2015-16	613,912	570,998	6,673	(47)	(1,335)	(1,908)	3,384	(84)	(31)	0	3,269
3 2016-17	625,089	582,175	6,803	(48)	(1,361)	(1,944)	3,450	(86)	(39)	0	3,326
4 2017-18	636,490	593,576	6,936	(49)	(1,387)	(1,982)	3,518	(87)	(47)	0	3,383
5 2018-19	648,119	605,205	7,071	(50)	(1,414)	(2,020)	3,587	(89)	(56)	0	3,442
6 2019-20	659,981	617,067	7,209	(51)	(1,442)	(2,059)	3,658	(91)	(65)	0	3,502
7 2020-21	672,080	629,165	7,349	(52)	(1,470)	(2,098)	3,729	(92)	(74)	(5)	3,558
8 2021-22	684,420	641,506	7,493	(53)	(1,499)	(2,139)	3,803	(94)	(83)	(10)	3,616
9 2022-23	697,008	654,094	7,639	(54)	(1,528)	(2,180)	3,877	(96)	(92)	(14)	3,675
10 2023-24	709,847	666,933	7,788	(55)	(1,558)	(2,222)	3,954	(98)	(102)	(19)	3,734
11 2024-25	722,944	680,029	7,941	(56)	(1,588)	(2,265)	4,031	(100)	(111)	(25)	3,796
12 2025-26	736,302	693,387	8,096	(57)	(1,619)	(2,309)	4,111	(102)	(121)	(30)	3,858
13 2026-27	749,927	707,012	8,254	(58)	(1,651)	(2,354)	4,192	(104)	(131)	(35)	3,921
14 2027-28	763,824	720,910	8,416	(59)	(1,683)	(2,399)	4,274	(106)	(142)	(40)	3,986
15 2028-29	778,000	735,086	8,581	(60)	(1,716)	(2,446)	4,358	(108)	(152)	(46)	4,052
16 2029-30	792,459	749,545	8,749	(62)	(1,750)	(2,493)	4,444	(110)	(163)	(52)	4,120
17 2030-31	807,208	764,293	8,920	(63)	(1,784)	(2,541)	4,532	(112)	(174)	(57)	4,188
18 2031-32	822,251	779,337	9,095	(64)	(1,819)	(2,591)	4,621	(114)	(185)	(63)	4,259
19 2032-33	837,595	794,681	9,273	(65)	(1,855)	(2,641)	4,712	(117)	(196)	(69)	4,330
20 2033-34	853,246	810,332	9,455	(67)	(1,891)	(2,692)	4,805	(119)	(208)	(75)	4,403
21 2034-35	869,210	826,296	9,641	(68)	(1,928)	(2,745)	4,900	(121)	(220)	(82)	4,477
22 2035-36	885,494	842,579	8,918	(65)	(1,784)	(2,901)	4,169	(124)	(200)	(76)	3,771
23 2036-37	902,103	859,188	8,627	(64)	(1,725)	(2,918)	3,920	(126)	(210)	(81)	3,502
24 2037-38	919,044	876,130	8,797	(65)	(1,759)	(2,976)	3,996	(129)	(221)	(87)	3,560
25 2038-39	936,324	893,410	30	(0)	(6)	(10)	14	(0)	(1)	(0)	12
			194,422	(1,377)	(38,884)	(56,700)	97,461	(2,493)	(3,056)	(866)	91,047

Successor Agency of the City of Rialto
Agua Mansa Redevelopment Project



Historical Assessed Values

Table 3

08/11/14

	Base Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Secured (1)</i>	1987-88										
Land	33,703,921	95,360,409	106,223,263	121,827,452	134,038,504	146,400,488	152,295,173	151,013,282	150,799,120	156,920,577	158,111,696
Impts	0	144,011,719	181,748,582	250,280,331	267,644,372	245,126,958	311,610,311	281,582,317	276,126,752	248,779,561	245,608,404
Pers Prop	0	1,129,625	3,000,662	2,396,936	1,131,982	1,273,849	1,211,533	1,130,164	1,075,542	989,825	0
Exemptions	0	0	0	0	0	0	(608,000)	(612,578)	(624,830)	(637,326)	(640,220)
Total Secured	33,703,921	240,501,753	290,972,507	374,504,719	402,814,858	392,801,295	464,509,017	433,113,185	427,376,584	406,052,637	403,079,880
<i>Unsecured</i>											
Land	0	0	0	0	0	0	0	0	0	0	0
Impts	0	71,299,690	79,990,417	104,671,944	112,192,815	109,496,442	126,369,044	87,861,926	131,961,949	138,766,913	155,421,680
Pers Prop	9,210,460	43,455,666	47,257,073	57,381,548	57,462,500	57,214,356	50,378,839	47,932,006	49,944,566	47,407,395	55,041,577
Exemptions	0	0	0	0	0	0	0	0	0	0	0
Total Unsecured	9,210,460	114,755,356	127,247,490	162,053,492	169,655,315	166,710,798	176,747,883	135,793,932	181,906,515	186,174,308	210,463,257
GRAND TOTAL	42,914,381	355,257,109	418,219,997	536,558,211	572,470,173	559,512,093	641,256,900	568,907,117	609,283,099	592,226,945	613,543,137
Incremental Value		312,342,728	375,305,616	493,643,830	529,555,792	516,597,712	598,342,519	525,992,736	566,368,718	549,312,564	570,628,756
Percentage Growth			20.16%	31.53%	7.27%	-2.45%	15.82%	-12.09%	7.68%	-3.01%	3.88%

Source: County of San Bernardino

(1) Secured values include state assessed non-unitary utility property.

Successor Agency of the City of Rialto
Agua Mansa Redevelopment Project

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2014-15

Table 4



8/11/2014

	Secured			Unsecured			Total			Property Uses
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Project Taxable Value	% of Project Inc. Value	
1. FEDEX Ground Package System Inc.	\$42,024,044	4	10.43%	\$43,668,546	1	20.75%	\$85,692,590	13.97%	15.02%	Package Processing and Shipping
2. Prologis-MacQuarie US LLC	\$53,578,251	2	13.29%	\$0	0	0.00%	\$53,578,251	8.73%	9.39%	Industrial Distribution Warehouse
3. SFPP LP (Pending Appeals On Parcels)	\$0	0	0.00%	\$47,728,080	1	22.68%	\$47,728,080	7.78%	8.36%	Unsecured Business Property (Rail)
4. Old Dominion Freight Line Inc.	\$25,805,299	4	6.40%	\$2,461,299	1	1.17%	\$28,266,598	4.61%	4.95%	Industrial Transit Warehouse/Vacant
5. Lilac Avenue LLC	\$25,935,259	1	6.43%	\$0	0	0.00%	\$25,935,259	4.23%	4.55%	Industrial Distribution Warehouse
6. Tesoro Logistics Operations	\$1,908,626	1	0.47%	\$22,339,992	1	10.61%	\$24,248,618	3.95%	4.25%	Petroleum Products Storage/Sale
7. Caleast HD LLC (Pending Appeals On Parcels)	\$18,811,150	1	4.67%	\$0	0	0.00%	\$18,811,150	3.07%	3.30%	Industrial Distribution Warehouse
8. Menlo Business Park LLC	\$18,771,720	2	4.66%	\$0	0	0.00%	\$18,771,720	3.06%	3.29%	Industrial Distribution Warehouse
9. Lineage CC California RE LLC	\$19,931,039	1	4.94%	\$0	0	0.00%	\$19,931,039	3.25%	3.49%	Industrial Storage Warehouse
10. Cooper Lighting	\$13,478,313	1	3.34%	\$719,424	3	0.34%	\$14,197,737	2.31%	2.49%	Lighting Product Manufacturing
Totals:	\$220,243,701	17		\$116,917,341	7		\$337,161,042			
Total Assessed Values:	\$403,079,880		54.64%	\$210,463,257		55.55%	\$613,543,137	54.95%		
Incremental Assessed Value:	369,375,959		59.63%	201,252,797		58.09%	570,628,756	59.09%		

Successor Agency of the City of Rialto
 Agua Mansa Redevelopment Project
 New Development
 Table 5



08/11/14

<u>Real Property Value</u>	<u>SqFt/ Units</u>	<u>Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>Total Value</u>		<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	
					<u>Start</u>	<u>Complete</u>						
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0	
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0	
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0	
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0	
Transfers of Ownership after Jan.1, 2014	1	Lump Sum	<u>\$1,338,000</u>	<u>(\$742,038)</u>	<u>\$596</u>		596	0	0	0	0	
Total Real Property Value			\$1,338,000	(\$742,038)	596		596	0	0	0	0	
						<u>Adj. Annually for Inflation @</u>	<u>2.0%</u>	\$596	\$0	\$0	\$0	\$0

**Successor Agency of the City of Rialto
Central Business District Redevelopment Project**



Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

8/11/2014

Table 1

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Taxable Values (1)										
Real Property (2)	171,498	175,513	179,023	182,603	186,255	189,980	193,780	197,656	201,609	205,641
Personal Property (3)	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>	<u>11,075</u>
Total Projected Value	182,573	186,587	190,098	193,678	197,330	201,055	204,855	208,730	212,684	216,716
Taxable Value over Base	82,751	99,822	103,837	107,347	110,927	114,580	118,305	122,104	125,980	133,965
Gross Tax Increment Revenue (4)	1,160	1,207	1,248	1,290	1,332	1,375	1,419	1,465	1,510	1,557
Unitary Tax Revenue (5)	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Gross Revenues	1,167	1,214	1,255	1,297	1,339	1,382	1,426	1,472	1,517	1,564
LESS:										
SB 2557 Admin. Fee (6)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(7)
County Collection Charge (7)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Housing Set Aside Requirement (8)	(233)	(243)	(251)	(259)	(268)	(276)	(285)	(294)	(303)	(313)
Pass Throughs										
County General Fund (9)	(31)	(32)	(33)	(34)	(35)	(36)	(38)	(39)	(40)	(41)
County Flood Control District (9)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(30)	(31)
County Free Library (9)	(12)	(12)	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(16)
San Bernardino Vly Municipal Water Dist. (10)	<u>(162)</u>	<u>(169)</u>	<u>(174)</u>	<u>(180)</u>	<u>(186)</u>	<u>(192)</u>	<u>(198)</u>	<u>(205)</u>	<u>(211)</u>	<u>(218)</u>
Tax Revenue	698	726	750	775	801	826	853	880	907	935
Subordinate Obligations										
SB 211 Statutory Tax Sharing Tier 1 (11)	(7)	(10)	(13)	(16)	(18)	(21)	(24)	(27)	(30)	(33)
SB 211 Statutory Tax Sharing Tier 2 (11)	0	0	0	0	0	0	0	0	(2)	(3)
County Superintendent of Schools (12)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
San Bernardino Community College Dist. (13)	(11)	(11)	(12)	(12)	(12)	(13)	(13)	(14)	(14)	(15)
Rialto Unified School District (14)	<u>(68)</u>	<u>(71)</u>	<u>(73)</u>	<u>(75)</u>	<u>(78)</u>	<u>(80)</u>	<u>(83)</u>	<u>(85)</u>	<u>(88)</u>	<u>(91)</u>
Net Tax Revenue	610	632	651	670	690	710	730	751	771	791

- (1) Taxable values as reported by San Bernardino County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% in 2015-16 and at 2% annually thereafter. Values for 2015-16 are increased by \$1,353,984 due to 17 transfers of ownership after 1/1/2014 and decreased by \$754,131 for projected value loss due to pending assessment appeals.
- (3) Personal property is held constant at 2014-15 level.
- (4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. Override rate for San Bernardino Valley Municipal Water District is projected to remain at \$1.1625 per \$100 of taxable value through FY 2034-35 when this tax rate is scheduled to expire. Projections are based on \$1.00 per \$100 of taxable value beginning in FY 2035-36.
- (5) Unitary Revenue is held constant at 2013-14 level.
- (6) SB 2557 Administrative cost is estimated at 0.42% of Gross Revenue.
- (7) County Collection Charge is calculated at 0.25% of general levy tax increment revenue.
- (8) Per ABx1 26, the low and moderate income housing requirement is no longer applicable. Debts secured by Housing Set-Aside funds will hereafter be secured by tax revenues allocable to the Successor Agency. Set-Aside amounts shown are illustrative of amounts available for payment of debt service secured by Housing Set-Aside.
- (9) San Bernardino Co. (15.33%) receives 25% of its share of general levy tax increment revenue net of Housing Set-Aside. Flood Control (2.91%) and Free Library (1.48%) receive their entire shares of general levy tax increment revenue net of Housing Set-Aside.
- (10) San Bernardino Valley Municipal Water District receives all revenues generated by its voter approved indebtedness rate (0.1625%).
- (11) The Agency has eliminated the Plan's time limit for incurrence of new debt. The Agency is obligated to make tax sharing payments pursuant to Section 33607.7 of the Law beginning in fiscal year 2011-12 and using Project Area values for 2010-11 as an adjusted base year value. Due to negative tax increment in 2011-12, statutory tax sharing is projected to begin in 2012-13. Taxing Entities that do not have existing tax sharing agreements receive their prorated shares of 25% of revenue derived from the incremental increase in value above the adjusted base year value net of Housing Set-Aside. In addition, beginning in 2021-22 and using the Project Area values of 2020-21 as a second adjusted base year value, tax entities without tax sharing agreements receive their prorated shares of 21% of the revenue derived from the incremental difference increase in value above the second adjusted base year value net of Set-Aside. The City may elect to receive its share of the first tier of statutory tax sharing payments.
- (12) County Superintendent of Schools receives 25% of its share (1.04%) of general levy tax increment revenue net of Housing Set-Aside. Payments are subordinate to Agency bonded indebtedness.
- (13) San Bernardino Community College District receives 25% of its share (5.39%) of general levy tax increment revenue net of Housing Set-Aside. Payments are subordinate to Agency bonded indebtedness.
- (14) Rialto Unified School District receives 25% of its share (33.74%) of general levy tax increment revenue net of Housing Set-Aside. Payments are subordinate to Agency bonded indebtedness.

Successor Agency of the City of Rialto
Central Business District Redevelopment Project
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
(000s Omitted)
Table 2

		Taxable Value	Gross Tax	County Admin.	Housing	Pass-Throughs	Tax	Statutory Tax Sharing Payments		Subordinate
	Total	Over Base	Revenue	Charges	Set-Aside	Agreements	Revenues	Tier 1	Tier 2	Pass-Through
	Taxable Value	82,751								Agreements
1	2014-15	182,573	1,167	(7)	(233)	(228)	698	(7)	0	(81)
2	2015-16	186,587	1,214	(8)	(243)	(238)	726	(10)	0	(84)
3	2016-17	190,098	1,255	(8)	(251)	(246)	750	(13)	0	(87)
4	2017-18	193,678	1,297	(8)	(259)	(254)	775	(16)	0	(90)
5	2018-19	197,330	1,339	(9)	(268)	(262)	801	(18)	0	(93)
6	2019-20	201,055	1,382	(9)	(276)	(271)	826	(21)	0	(96)
7	2020-21	204,855	1,426	(9)	(285)	(279)	853	(24)	0	(99)
8	2021-22	208,730	1,472	(9)	(294)	(288)	880	(27)	0	(102)
9	2022-23	212,684	1,517	(10)	(303)	(297)	907	(30)	(2)	(105)
10	2023-24	216,716	1,564	(10)	(313)	(306)	935	(33)	(3)	(108)
11	2024-25	220,829	1,612	(10)	(322)	(316)	964	(36)	(5)	(112)
12	2025-26	225,024	1,661	(11)	(332)	(325)	993	(39)	(6)	(115)
13	2026-27	229,303	1,711	(11)	(342)	(335)	1,023	(42)	(8)	(118)
14	2027-28	233,667	1,761	(11)	(352)	(345)	1,053	(45)	(10)	(122)
15	2028-29	238,119	1,813	(12)	(363)	(355)	1,084	(49)	(11)	(125)
16	2029-30	242,660	1,866	(12)	(373)	(366)	1,115	(52)	(13)	(129)
17	2030-31	247,292	1,920	(12)	(384)	(376)	1,147	(56)	(15)	(133)
18	2031-32	252,016	1,975	(13)	(395)	(387)	1,180	(59)	(17)	(137)
19	2032-33	256,835	2,031	(13)	(406)	(398)	1,214	(63)	(19)	(140)
20	2033-34	261,750	2,088	(13)	(418)	(409)	1,248	(66)	(21)	(144)
21	2034-35	266,763	2,146	(14)	(429)	(421)	1,283	(70)	(23)	(148)
22	2035-36	271,877	1,918	(13)	(384)	(432)	1,089	(64)	(21)	(153)
23	2036-37	277,093	1,950	(13)	(390)	(444)	1,103	(67)	(23)	(157)
24	2037-38	282,414	2,004	(13)	(401)	(456)	1,133	(70)	(25)	(161)
25	2038-39	287,840	2,058	(14)	(412)	(469)	1,164	(74)	(27)	(165)
26	2039-40	293,376	2,113	(14)	(423)	(481)	1,195	(77)	(28)	(170)
27	2040-41	299,022	2,170	(15)	(434)	(494)	1,227	(81)	(30)	(174)
			<u>46,431</u>	<u>(301)</u>	<u>(9,286)</u>	<u>(9,479)</u>	<u>27,365</u>	<u>(1,209)</u>	<u>(307)</u>	<u>(3,347)</u>

**Successor Agency of the City of Rialto
Central Business District Redevelopment Project**



Historical Taxable Value
Table 3

08/11/14

	Base Year 1989-90	2005-06	2006-07	Revised Base Year (2007-08)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Secured (1)</i>												
Land	69,589,157	44,284,512	49,790,990	69,596,032	57,955,635	62,495,172	55,126,917	50,471,532	50,158,813	50,901,185	52,174,603	54,552,296
Impts	0	103,615,952	122,591,664	0	139,834,963	144,955,325	133,087,776	120,833,872	119,288,799	119,645,007	122,339,572	128,513,336
Pers Prop	0	65,900	73,913	0	61,989	61,532	66,033	69,952	33,240	38,288	29,446	35,124
Exemptions	0	(7,876,511)	(7,351,631)	0	(8,382,988)	(14,977,949)	(19,810,436)	(19,805,045)	(19,852,109)	(20,247,793)	(20,695,884)	(20,995,948)
Total Secured	69,589,157	140,089,853	165,104,936	69,596,032	189,469,599	192,534,080	168,470,290	151,570,311	149,628,743	150,336,687	153,847,737	162,104,808
<i>Unsecured</i>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Impts	13,154,627	5,470,081	5,643,005	13,154,627	7,705,267	9,222,111	10,529,062	7,921,972	7,701,040	6,436,347	9,885,411	9,428,125
Pers Prop	0	15,737,245	16,598,824	0	13,462,216	15,022,037	16,705,924	13,348,156	14,178,032	12,954,622	11,161,003	11,039,744
Exemptions	0	0	0	0	0	0	0	0	0	0	0	0
Total Unsecured	13,154,627	21,207,326	22,241,829	13,154,627	21,167,483	24,244,148	27,234,986	21,270,128	21,879,072	19,390,969	21,046,414	20,467,869
GRAND TOTAL	82,743,784	161,297,179	187,346,765	82,750,659	210,637,082	216,778,228	195,705,276	172,840,439	171,507,815	169,727,656	174,894,151	182,572,677
Incremental Value		78,553,395	104,602,981		127,886,423	134,027,569	112,954,617	90,089,780	88,757,156	86,976,997	92,143,492	99,822,018
Percentage Growth			33.16%		22.26%	4.80%	-15.72%	-20.24%	-1.48%	-2.01%	5.94%	8.33%

Source: County of San Bernardino

(1) Secured values include state assessed non-unitary utility property.

(2) Adjusted for one successful appeal not reflected on the 2013-14 Lien Date Roll.

**Successor Agency of the City of Rialto
Central Business District Redevelopment Project**

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2014-15

Table 4



8/11/2014

	Secured			Unsecured			Total			Property Uses
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Project Taxable Value	% of Project Inc. Value	
1. Time Warner NY Cabel LLC	\$1,128,000	1	0.70%	\$5,250,095	1	25.65%	\$6,378,095	3.49%	6.39%	Cable Television Facilities
2. MHC-Parque La Quinta LP	\$5,956,908	1	3.67%	\$0	0	0.00%	\$5,956,908	3.26%	5.97%	Residential Mobile Home Park
3. Cubesmart LP	\$3,605,294	2	2.22%	\$34,491	1	0.17%	\$3,639,785	1.99%	3.65%	Commercial Mini-Storage
4. Securities Real Estate Fund 2012 LLC <small>(Pending Appeals On Parcels)</small>	\$3,575,961	4	2.21%	\$0	0	0.00%	\$3,575,961	1.96%	3.58%	Commercial Mini-Storage
5. JP Morgan Chase Bank National Assoc.	\$2,373,916	5	1.46%	\$337,328	2	1.65%	\$2,711,244	1.49%	2.72%	Commercial Bank/Parking
6. Rialto Garden Apartments	\$2,637,000	5	1.63%	\$0	0	0.00%	\$2,637,000	1.44%	2.64%	Residential Apartments
7. Bloom Energy 2009 PPA Project Co	\$0	0	0.00%	\$2,454,127	1	11.99%	\$2,454,127	1.34%	2.46%	Unsecured - Solar Energy
8. Edward M. Palmer	\$2,287,792	17	1.41%	\$38,059	3	0.19%	\$2,325,851	1.27%	2.33%	Commercial/Residential/Misc. Land Uses
9. Directv LLC	\$0	0	0.00%	\$1,994,741	1	9.75%	\$1,994,741	1.09%	2.00%	Unsecured - Satellite TV
10. Rialto Pockets Properties Inc.	\$1,497,345	2	0.92%	\$296,582	1	1.45%	\$1,793,927	0.98%	1.80%	Retail Commercial Center
Totals:	\$23,062,216	37		\$10,405,423	10		\$33,467,639			
Total Assessed Values:	\$162,104,808		14.23%	\$20,467,869		50.84%	\$182,572,677	18.33%		
Incremental Assessed Value:	92,508,776		24.93%	7,313,242		142.28%	99,822,018	33.53%		

Successor Agency of the City of Rialto
 Central Business District Redevelopment Project
 New Development
 Table 5



08/11/14

<u>Real Property Value</u>	<u>SqFt/ Units</u>	<u>Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>000's omitted</u>		<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	
					<u>Total Value Added</u>	<u>Start</u>						<u>Complete</u>
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0.00	\$0	\$0	\$0		0	0	0	0	0	
Transfers of Ownership after Jan.1, 2014	17	Lump Sum	\$0	\$0	\$0		0	0	0	0	0	
		Lump Sum	\$3,456,000	(\$2,102,016)	\$1,354		1,354	0	0	0	0	
Total Real Property Value			\$3,456,000	(\$2,102,016)	1,354		1,354	0	0	0	0	
						Adj. Annually for Inflation @	2.0%	\$1,354	\$0	\$0	\$0	\$0

**Successor Agency of the City of Rialto
Added Territory Project Area**



Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

8/11/2014

Table 1

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Taxable Values (1)										
Real Property (2)	1,528,698	1,544,391	1,575,279	1,606,784	1,638,920	1,671,698	1,705,132	1,739,235	1,774,020	1,809,500
Personal Property (3)	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>	<u>93,442</u>
Total Projected Value	1,622,140	1,637,833	1,668,721	1,700,226	1,732,362	1,765,140	1,798,574	1,832,677	1,867,462	1,902,942
Taxable Value over Base	478,615	1,143,524	1,159,217	1,190,105	1,221,611	1,253,746	1,286,525	1,319,959	1,354,061	1,424,326
Gross Tax Increment Revenue (4)	12,835	12,990	13,336	13,689	14,049	14,417	14,791	15,174	15,563	15,961
Unitary Tax Revenue (5)	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>
Gross Revenues	12,882	13,037	13,383	13,736	14,096	14,464	14,838	15,220	15,610	16,008
LESS:										
SB 2557 Admin. Fee (6)	(67)	(67)	(69)	(71)	(73)	(75)	(77)	(79)	(81)	(83)
County Collection Charge (7)	(29)	(29)	(30)	(31)	(31)	(32)	(33)	(34)	(35)	(36)
Housing Set Aside Requirement (8)	<u>(2,576)</u>	<u>(2,607)</u>	<u>(2,677)</u>	<u>(2,747)</u>	<u>(2,819)</u>	<u>(2,893)</u>	<u>(2,968)</u>	<u>(3,044)</u>	<u>(3,122)</u>	<u>(3,202)</u>
Tax Revenues	10,210	10,333	10,607	10,887	11,173	11,464	11,761	12,064	12,373	12,688
Subordinate Pass Throughs										
AB 1290 Statutory Tax Sharing Tier 1 (9)	(2,576)	(2,607)	(2,677)	(2,747)	(2,819)	(2,893)	(2,968)	(3,044)	(3,122)	(3,202)
AB 1290 Statutory Tax Sharing Tier 2 (9)	(442)	(472)	(530)	(589)	(650)	(711)	(774)	(838)	(904)	(971)
AB 1290 Statutory Tax Sharing Tier 3 (9)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Tax Revenues	<u>7,192</u>	<u>7,254</u>	<u>7,401</u>	<u>7,551</u>	<u>7,704</u>	<u>7,860</u>	<u>8,019</u>	<u>8,181</u>	<u>8,347</u>	<u>8,516</u>

- (1) Taxable values as reported by San Bernardino County.
- (2) Real property consists of land and improvements. Increased for inflation at 0.454% in 2014-15 and at 2% annually thereafter. Values for 2013-14 are reduced by \$5,616,252 for value loss due to 6 assessment appeals. Values for 2014-15 are increased by \$54,245,219 due to 187 transfers of ownership from 1/1/2013 through 12/31/2013 and decreased by \$18,571,564 for projected value loss due to pending assessment appeals. Values for 2015-16 are increased by \$798,914 for 42 transfers of ownership after 1/1/2014.
- (3) Personal property is held constant at 2013-14 level.
- (4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. Override rates for San Bernardino Valley Municipal Water District and Metropolitan Water District are projected to remain at their current tax rates per \$100 of taxable value through FY 2034-35 when both tax rates are scheduled to expire. Projections are based on \$1.00 per \$100 of taxable value beginning in FY 2035-36.
- (5) Unitary Revenue is held constant at 2013-14 level.
- (6) SB 2557 Administrative cost is estimated at 0.52% of Gross Revenue.
- (7) County Collection Charge is calculated at 0.25% of general levy tax increment revenue.
- (8) Per ABx1 26, the low and moderate income housing requirement is no longer applicable. Debts secured by Housing Set-Aside funds will hereafter be secured by tax revenues allocable to the Successor Agency. Set-Aside amounts shown are illustrative of amounts available for payment of debt service secured by Housing Set-Aside.
- (9) All Taxing Entities receive their shares of 25% of total tax increment revenue net of Housing Set-Aside. In addition, after year 10, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of Housing Set-Aside. After year 30, Taxing Entities also receive 14% of tax revenue on incremental value above the year 30 value net of Housing Set-Aside. The City of Rialto may elect to receive its share of the first Tier of tax sharing but is not permitted to participate in the pass through from Tiers 2 and 3.

Successor Agency of the City of Rialto

Added Territory Project Area

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2



08/11/14

		Taxable Value		Gross Tax Revenue	County Admin. Charges	Housing Set-Aside	Tax Revenues	Statutory Tax Sharing Payments			Net Tax Revenues
		Total Taxable Value	Over Base					Tier 1	Tier 2	Tier 3	
1	2014-15	1,622,140	1,143,524	12,882	(95)	(2,576)	10,210	(2,576)	(442)	0	7,192
2	2015-16	1,637,833	1,159,217	13,037	(97)	(2,607)	10,333	(2,607)	(472)	0	7,254
3	2016-17	1,668,721	1,190,105	13,383	(99)	(2,677)	10,607	(2,677)	(530)	0	7,401
4	2017-18	1,700,226	1,221,611	13,736	(102)	(2,747)	10,887	(2,747)	(589)	0	7,551
5	2018-19	1,732,362	1,253,746	14,096	(104)	(2,819)	11,173	(2,819)	(650)	0	7,704
6	2019-20	1,765,140	1,286,525	14,464	(107)	(2,893)	11,464	(2,893)	(711)	0	7,860
7	2020-21	1,798,574	1,319,959	14,838	(110)	(2,968)	11,761	(2,968)	(774)	0	8,019
8	2021-22	1,832,677	1,354,061	15,220	(113)	(3,044)	12,064	(3,044)	(838)	0	8,181
9	2022-23	1,867,462	1,388,846	15,610	(116)	(3,122)	12,373	(3,122)	(904)	0	8,347
10	2023-24	1,902,942	1,424,326	16,008	(118)	(3,202)	12,688	(3,202)	(971)	0	8,516
11	2024-25	1,939,132	1,460,516	16,413	(121)	(3,283)	13,009	(3,283)	(1,039)	0	8,688
12	2025-26	1,976,046	1,497,430	16,827	(125)	(3,365)	13,337	(3,365)	(1,108)	0	8,863
13	2026-27	2,013,698	1,535,082	17,249	(128)	(3,450)	13,671	(3,450)	(1,179)	0	9,042
14	2027-28	2,052,103	1,573,487	17,679	(131)	(3,536)	14,013	(3,536)	(1,251)	0	9,225
15	2028-29	2,091,276	1,612,661	18,118	(134)	(3,624)	14,360	(3,624)	(1,325)	0	9,412
16	2029-30	2,131,233	1,652,617	18,566	(137)	(3,713)	14,715	(3,713)	(1,400)	0	9,602
17	2030-31	2,171,989	1,693,373	19,023	(141)	(3,805)	15,077	(3,805)	(1,477)	0	9,796
18	2031-32	2,213,560	1,734,944	19,489	(144)	(3,898)	15,447	(3,898)	(1,555)	0	9,993
19	2032-33	2,255,962	1,777,346	19,964	(148)	(3,993)	15,823	(3,993)	(1,635)	0	10,195
20	2033-34	2,299,212	1,820,597	20,448	(151)	(4,090)	16,207	(4,090)	(1,717)	(54)	10,347
21	2034-35	2,343,328	1,864,712	20,943	(155)	(4,189)	16,599	(4,189)	(1,800)	(110)	10,501
22	2035-36	2,388,325	1,909,710	21,447	(159)	(4,289)	16,999	(4,289)	(1,884)	(166)	10,659
23	2036-37	2,434,223	1,955,608	19,842	(152)	(3,968)	15,722	(3,968)	(1,759)	(200)	9,795
24	2037-38	2,481,039	2,002,423	20,071	(154)	(4,014)	15,903	(4,014)	(1,837)	(252)	9,799
25	2038-39	2,528,791	2,050,175	20,549	(158)	(4,110)	16,281	(4,110)	(1,918)	(306)	9,948
26	2039-40	2,577,498	2,098,882	21,036	(161)	(4,207)	16,667	(4,207)	(1,999)	(360)	10,100
27	2040-41	2,627,179	2,148,563	21,532	(165)	(4,306)	17,061	(4,306)	(2,083)	(416)	10,256
28	2041-42	2,677,854	2,199,238	22,039	(169)	(4,408)	17,462	(4,408)	(2,168)	(473)	10,414
29	2042-43	2,729,542	2,250,926	22,556	(173)	(4,511)	17,872	(4,511)	(2,255)	(530)	10,575
30	2043-44	2,782,264	2,303,648	23,083	(177)	(4,617)	18,290	(4,617)	(2,343)	(589)	10,740
31	2044-45	2,836,040	2,357,425	23,621	(181)	(4,724)	18,716	(4,724)	(2,434)	(650)	10,908
32	2045-46	2,890,892	2,412,277	24,170	(185)	(4,834)	19,150	(4,834)	(2,526)	(711)	11,079
33	2046-47	2,946,841	2,468,226	24,729	(190)	(4,946)	19,594	(4,946)	(2,620)	(774)	11,254
34	2047-48	3,003,909	2,525,294	25,300	(194)	(5,060)	20,046	(5,060)	(2,716)	(838)	11,432
				637,969	(4,794)	(127,594)	505,581	(127,594)	(50,911)	(6,428)	320,649

Successor Agency of the City of Rialto

Added Territory Project Area

Historical Taxable Value

Table 3



8/11/14

	Base Year 2001-02	2005-06	2003-04 (2)	2004-05 (3)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Secured (1)</i>											
Land	442,056,388	255,638,809	311,106,472	406,215,048	461,650,704	451,906,064	416,342,242	419,024,797	411,788,225	434,378,239	477,918,180
Impts	0	477,760,432	657,083,584	788,686,029	969,179,345	884,606,114	851,628,573	875,615,210	887,600,682	925,020,096	1,044,703,118
Pers Prop	0	625,275	569,850	615,478	508,884	520,002	478,527	0	0	0	0
Exemptions	0	(32,326,887)	(34,729,674)	(35,467,662)	(35,659,783)	(35,817,139)	(37,523,585)	(65,241,561)	(70,210,071)	(84,787,302)	(85,356,655)
Total Secured	442,056,388	701,697,629	934,030,232	1,160,048,893	1,395,679,150	1,301,215,041	1,230,925,757	1,229,398,446	1,229,178,836	1,274,611,033	1,437,264,643
<i>Unsecured</i>											
Land	0	0	0	0	0	0	0	0	0	0	0
Impts	0	19,549,982	31,079,079	42,675,183	54,674,235	56,592,422	50,929,586	50,648,839	87,745,620	70,558,357	91,433,170
Pers Prop	36,559,085	29,964,419	27,893,091	69,880,877	81,775,077	84,749,363	76,539,008	70,957,781	70,786,111	68,811,677	93,801,892
Exemptions	0	(297,509)	(10,985)	(77,197)	(326,292)	(390,293)	(381,090)	(348,477)	(370,078)	(386,881)	(359,936)
Total Unsecured	36,559,085	49,216,892	58,961,185	112,478,863	136,123,020	140,951,492	127,087,504	121,258,143	158,161,653	138,983,153	184,875,126
GRAND TOTAL	478,615,473	750,914,521	992,991,417	1,272,527,756	1,531,802,170	1,442,166,533	1,358,013,261	1,350,656,589	1,387,340,489	1,413,594,186	1,622,139,769
Incremental Value		272,299,048	514,375,944	793,912,283	1,053,186,697	963,551,060	879,397,788	872,041,116	908,725,016	934,978,713	1,143,524,296
Percentage Growth			32.24%	28.15%	20.37%	-5.85%	-5.84%	-0.54%	2.72%	1.89%	14.75%

Source: County of San Bernardino

(1) Secured values include state assessed non-unitary utility property.

Successor Agency of the City of Rialto

Added Territory Project Area

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2014-15

Table 4



8/11/2014

	Secured			Unsecured			Total			Property Uses
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Project Taxable Value	% of Project Inc. Value	
1. Target Corporation	\$186,640,558	16	12.99%	\$69,716,071	2	37.71%	\$256,356,629	15.80%	22.42%	Industrial Distribution Warehouse
2. Prologis-MacQuarie US LLC (Pending Appeals On Parcels)	\$182,391,512	18	12.69%	\$0	0	0.00%	\$182,391,512	11.24%	15.95%	Industrial Distribution Warehouse
3. Teachers Insurance and Annuity Assoc. (Pending Appeals On Parcels)	\$109,243,725	2	7.60%	\$0	0	0.00%	\$109,243,725	6.73%	9.55%	Industrial Distribution Warehouse
4. I-210 Logistics Center Fund X LLC	\$42,688,657	9	2.97%	\$0	0	0.00%	\$42,688,657	2.63%	3.73%	Industrial Warehouse/Vacant Land
5. Under Armour Inc.	\$0	0	0.00%	\$20,683,710	2	11.19%	\$20,683,710	1.28%	1.81%	Athletic Clothing Distribution Center
6. Rialto Industrial Center Inc.	\$17,008,871	3	1.18%	\$0	0	0.00%	\$17,008,871	1.05%	1.49%	Industrial Distribution Warehouse
7. LBA Realty Fund III Company IV-E LLC (Pending Appeals On Parcels)	\$14,100,000	1	0.98%	\$0	0	0.00%	\$14,100,000	0.87%	1.23%	Industrial Distribution Warehouse
8. Living Spaces Furniture LLC]	\$0	0	0.00%	\$13,369,694	2	7.23%	\$13,369,694	0.82%	1.17%	Furniture Warehouse/Distribution
9. EMS Family LP	\$13,235,146	1	0.92%	\$0	0	0.00%	\$13,235,146	0.82%	1.16%	Retail Commercial Center
10. Rialto Properties I (Pending Appeals On Parcels)	\$11,890,210	9	0.83%	\$0	0	0.00%	\$11,890,210	0.73%	1.04%	Retail Commercial Center
Totals:	\$577,198,679	59		\$103,769,475	6		\$680,968,154			
Total Assessed Values:	\$1,437,264,643		40.16%	\$184,875,126		56.13%	\$1,622,139,769	41.98%		
Incremental Assessed Value:	995,208,255		58.00%	148,316,041		69.97%	1,143,524,296	59.55%		

Successor Agency of the City of Rialto
Added Territory Project Area
 New Development
 Table 5



08/11/14

<u>Real Property Value</u>	<u>SqFt/ Units</u>	<u>Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>Total Value</u>		<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	
					<u>Added</u>	<u>Start</u>						<u>Complete</u>
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	\$0	\$0	\$0	\$0		0	0	0	0	0	
	0	Lump Sum	\$0	\$0	\$0		0	0	0	0	0	
Transfers of Ownership after Jan.1, 2014	87	Lump Sum	<u>\$35,404,637</u>	<u>(\$19,694,156)</u>	<u>\$15,710</u>		15,710	0	0	0	0	
Total Real Property Value			\$35,404,637	(\$19,694,156)	15,710		15,710	0	0	0	0	
						Adj. Annually for Inflation @	2.0%	\$15,710	\$0	\$0	\$0	\$0

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APPENDIX I
RECOGNIZED OBLIGATION PAYMENT SCHEDULES

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Modified Recognized Obligation Payment Schedule #1*

For Period: January 1, 2012 to June 30, 2012

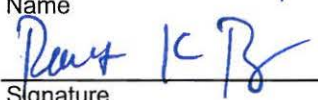
Name of Successor Agency

Successor Agency for the Redevelopment Agency of the City of Rialto

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	\$ 865,958,130.18	\$ -
	Total Due for Six Month Period	
Outstanding Debt or Obligation	\$ 36,124,195.60	
Available Revenues other than anticipated funding from RPTTF - Bonds	\$ 28,192,192.63	
Available Revenues other than anticipated funding from RPTTF - Non-Bonds	\$ 726,960.36	
Enforceable Obligations paid with RPTTF - Future Payments	\$ -	
Enforceable Obligations paid with RPTTF - Current Payments	\$ 6,861,945.61	
Administrative Cost paid with RPTTF	\$ 343,097.00	
Pass-through Payments paid with RPTTF	\$ -	
Administrative Allowance (greater of 5% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 343,097.28	

Certification of Oversight Board Chairman:

Pursuant to Section 34177(l) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Enforceable Payment Schedule for the above named agency.

BOB PAGE, CHAIR Name	CHAIR Title
 Signature	5/3/12 Date

*On April 5, 2012, the Oversight Board approved a Recognized Obligation Payment Schedule ("ROPS") covering the period from January 1, 2012 to June 30, 2012. The ROPS was submitted to the Department of Finance, the County Auditor-Controller, and the State Controller. Pursuant to Section 34179(h), on April 19, 2012 the Department of Finance issued a letter denying certain items on the ROPS. On May 3, 2012, the Oversight Board approved modifying the ROPS and submitting a request to the Department of Finance to reconsider the items as enforceable obligations. In addition, certain items require additional time to obtain supporting documents to the Department of Finance. The ROPS approved by the Oversight Board serves as the modified version from the previous approved ROPS. Approval of the modified ROPS does not include the approval of the subject items until further determination.

Modified RECOGNIZED OBLIGATION PAYMENT SCHEDULE #1
 Per AB 26 - Section 34177

Project Name / Debt Obligation	Payee	Description	Funding Sources	Total Outstanding Debt or Obligation	Notes	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)							
						Payments by month - Year 2012							Total Paid
						Jan	Feb	Mar	Apr	May	Jun		
1) 2003 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	\$ 37,098,100.00	1			\$ 590,787.50			512,500.00	\$ 1,103,287.50	
2) 2005 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	\$ 45,479,323.00	1			\$ 554,802.50			92,500.00	\$ 647,302.50	
3) 2005 Series B TAB's	Union Bank/Trustee	Housing Bonds	RPTTF	\$ 16,892,561.25	1			\$ 248,243.75			0.00	\$ 248,243.75	
4) 2005 Series C TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	\$ 32,059,828.00	1			\$ 450,695.00			207,500.00	\$ 658,195.00	
5) 2008 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	\$ 87,096,901.00	1			\$ 1,138,428.75			240,000.00	\$ 1,378,428.75	
6) 2008 Series B TAB's	Union Bank/Trustee	Housing Bonds	RPTTF	\$ 66,467,000.00	1			\$ 1,023,937.50			152,500.00	\$ 1,176,437.50	
7) 2008 Series C TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	\$ 49,192,125.00	1			\$ 784,500.00			140,000.00	\$ 924,500.00	
8) 2007 COP Reimbursement Agt**	City of Rialto	Public Improvement Bonds	RPTTF	\$ 2,062,040.00			\$ 192,765.03					\$ 192,765.03	
9) Walmart DDA	Hubbs	Sales Tax Rebate Agreement	RPTTF	\$ 2,726,514.34	3			\$ 75,000.00			\$ 75,000.00	\$ 150,000.00	
10) Enterprise OPA	Enterprise	Sales Tax Rebate Agreement	RPTTF	\$ 568,165.29	3			\$ 21,058.74			\$ 21,058.74	\$ 42,117.48	
11) Pusan Pipe OPA	Pusan Pipe	Sales Tax Rebate Agreement	RPTTF	\$ 153,176.48			\$ 37,585.00					\$ 37,585.00	
12) Riverside Easton Retail Project	Sprint/Nextel / Overland Pacific and Cutler	Relocation of Cell Towers	RPTTF	\$ 349,600.00	2	\$ -	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 30,000.00	
13) Oversight Board Support Services	Oversight Board	For Legal and other needed services	RPTTF	\$ 530,000.00	4		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 50,000.00	
14) Monitor Housing Agreements	Rialto Housing Authority/Keyser Marston Association	Affordable Housing Agreement Monitor	RPTTF	\$ 400,000.00	4	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 40,000.00	
15) Legal Services	Stradling Yocca, Carlson & Rauth	Legal services for on-going projects	RPTTF	\$ 520,000.00	4		\$ -	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 40,000.00	
16) Project Management	Rialto Housing Authority	For on-going affordable housing projects	RPTTF	\$ 305,280.00	4		\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 28,800.00	
17) Project Management	City of Rialto	For on-going projects	RPTTF	\$ 280,348.80	4		\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 26,448.00	
18) Lease of copy machine	Konica Minolta	Lease for copy machine	RPTTF	\$ 5,320.00			\$ 266.02	\$ 266.02	\$ 266.02	\$ 266.02	\$ 266.02	\$ 1,330.10	
19) Property Maintenance	Successor Agency	Repairs and maintenance of RDA properties	RPTTF	\$ 79,500.00	4		\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 7,500.00	
20) Weed Abatement	Kinco Weed Abatement	Weed abatement of RDA vacant lots	RPTTF	\$ 48,000.00	4						\$ 8,000.00	\$ 8,000.00	
21) EPA Brownfield Grant	RDA Match Expenses	Agency 20% match for EPA Grant	RPTTF	\$ 38,500.00	2	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 10,000.00	
22) General Plan Update	Hogle-Ireland Inc.	Contract Services - Planning	RPTTF	\$ 39,480.25	2	\$ 1,000.00	\$ 5,501.00	\$ 5,501.00	\$ 5,501.00	\$ 5,501.00	\$ 5,501.00	\$ 28,505.00	
23) Bond Servicing	Willdan/Union Bank	Trustee Fees/Arbitrage Rebate Services	RPTTF	\$ 540,000.00	4		\$ 1,700.00	\$ 1,700.00	\$ 1,700.00	\$ 1,700.00	\$ 1,700.00	\$ 8,500.00	
24) Low Income Senior Repair	Oldtimers Foundation	Contract Services - Contractors	RPTTF	\$ 48,000.00	2	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 24,000.00	
Totals - This Page				\$ 342,979,763.41		\$ 236,350.03	\$ 41,016.62	\$ 4,949,470.36	\$ 62,016.62	\$ 62,016.62	\$ 1,511,075.36	\$ 6,861,945.61	
Totals - Page 1 (RPTTF funding for current period of ROPS obligation payments)				\$ 342,979,763.41		\$ 236,350.03	\$ 41,016.62	\$ 4,949,470.36	\$ 62,016.62	\$ 62,016.62	\$ 1,511,075.36	\$ 6,861,945.61	
Totals - Page 2 (RPTTF funding for future ROPS obligation payments)				\$ 256,966,438.88		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Totals - Page 3 (Other funding sources for ROPS obligation payments)				\$ 104,430,565.66		\$ 326,875.36	\$ 18,017.00	\$ 20,017.00	\$ 121,017.00	\$ 123,017.00	\$ 118,017.00	\$ 726,960.36	
Totals - Page 4 (Bond proceeds funding sources for ROPS obligation payments)				\$ 161,581,362.23		\$ 2,486,472.00	\$ 2,482,875.00	\$ 5,712,325.66	\$ 5,672,325.66	\$ 5,871,325.66	\$ 5,966,868.65	\$ 28,192,192.63	
Totals - Page 5 (Administrative Allowances)				\$ -		\$ -	\$ 68,619.80	\$ 68,619.80	\$ 68,619.80	\$ 68,619.80	\$ 68,617.80	\$ 343,097.00	
Totals - Page 6 (Pass-Through Payments)				\$ 180,730,702.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grand total - All Pages				\$ 865,958,130.18		\$ 3,049,697.39	\$ 2,610,528.42	\$ 10,750,432.82	\$ 5,923,979.08	\$ 6,124,979.08	\$ 7,664,578.81	\$ 36,124,195.60	

*The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) report was approved by the Successor Agency on February 28, 2012, subject to further approval by the oversight board and audited by the County Auditor/Controller.
 **Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently awaiting decision. Approval of the ROPS does not include approval of this item until further determination.

Funding Sources: RPTTF Redevelopment Property Tax Trust Fund
 PTI Property Tax Increment
 LMH Low Mod Housing Fund
 BP Bond Proceeds
 ACA Administrative Cost Allowance
 LSP Land Sale Proceeds
 ROPS Recognized Obligation Payment Schedule

Notes:
 1 - Bond payment funding from RPTTF requested in June 2012 to ensure sufficient funds from RPTTF to cover bond payments for September 2012.
 2 - Total due for fiscal year and monthly costs are estimates. Services required and payments made may extend to future fiscal years.
 3 - Payment amount is an estimate.
 4 - Subject to need for services. Monthly payment and total outstanding amounts are estimates.

Modified RECOGNIZED OBLIGATION PAYMENT SCHEDULE #1
 Per AB 26 - Section 34177

Project Name / Debt Obligation	Payee	Description	Funding Source	Total Outstanding Debt or Obligation	Notes	Future payment from the Redevelopment Property Tax Trust Fund (RPTTF)						
						Payments by month - Year 2012						Total Paid
						Jan	Feb	Mar	Apr	May	Jun	
1) Area B/C/D COS	Lewis Hillwood Rialto LLC	Option Contract	RPTTF		1							
2) Area A COS	Lewis Hillwood Rialto LLC	Option Contract	RPTTF		1							
3) Employee Separation Benefits	City of Rialto	Cover long-term employee separation benefits	RPTTF	\$ 575,000.00								
4) Rialto Airport / Renaissance Rialto	Epic Land Solutions Inc.	Contract Services - Relocation Services	RPTTF	\$ 638,612.88								
5) Acosta Participation Agreement	Fernando Acosta	Contract Services	RPTTF	\$ 312,000.00								
6) Highland Channel ***	City of Rialto	Improvement to flood control	RPTTF	\$ 8,266,488.00								
7) Riverside/I-10 Interchange Phase II***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 40,000,000.00								
8) WDJL Property Street Improvements***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 1,000,000.00								
9) Walnut Avenue Industrial Park***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 1,000,000.00								
10) Ayala Industrial Park***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 3,000,000.00								
11) Rails to Trails***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 3,000,000.00								
12) Fire Station 205***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 10,000,000.00								
13) Cactus Basin 4&5***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 22,000,000.00								
14) Rialto Channel Airport***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 10,200,000.00								
15) Airport Public Improvements***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 123,300,000.00								
16) Airport Tenant Relocations***	City of Rialto	Cooperation Agreement**	RPTTF	\$ 16,000,000.00								
17) 2004 HELP Loan	CHFA	Housing Loan	RPTTF	\$ 1,300,000.00								
18) 2005 HELP Loan	CHFA	Housing Loan	RPTTF	\$ 1,300,000.00								
19) Regional Benefit Facilities/Industrial***	County of San Bernardino/To Be Determined	Obligation to construct flood control	RPTTF	\$ 10,049,338.00								
20) Regional Benefit Facilities/Gateway***	County of San Bernardino/To Be Determined	Obligation to construct flood control	RPTTF	\$ 5,025,000.00								
Totals - This Page				\$ 256,966,438.88		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) report was approved by the Successor Agency on February 28, 2012, subject to further approval by the oversight board and audited by the County Auditor/Controller.
 ** Approved on January 25, 2011 as a Cooperation Agreement between City and former Redevelopment Agency.
 ***Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently the Successor Agency is preparing supporting documents to be presented to the Department of Finance. Approval of the ROPS does not include approval of this item until further determination.

Funding Sources:
 RPTTF Redevelopment Property Tax Trust Fund
 PTI Property Tax Increment
 LMH Low Mod Housing Fund
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 LSP Land Sale Proceeds
 ROPS Recognized Obligation Payment Schedule

Notes:
 1 - Option contract with no obligation to expend funds, but an obligation to convey property

Page 2 of 6

Modified RECOGNIZED OBLIGATION PAYMENT SCHEDULE #1

Per AB 26 - Section 34177

Project Name / Debt Obligation	Payee	Description	Funding Sources	Total Outstanding Debt or Obligation	Notes	Payable from Other Funding Sources						Total Paid
						Payments by month - Year 2012						
						Jan	Feb	Mar	Apr	May	Jun	
1) Employee Costs	City of Rialto/RDA Expenses	Salaries and Benefits	PTI/LMH		1	\$ 96,344.00						\$ 96,344.00
2) General Office Expenses	City of Rialto/RDA Expenses	Office Supplies	PTI/LMH		1	\$ 11,941.33						\$ 11,941.33
3) Utilities	City of Rialto/RDA Expenses	Gas, Electricity, Water, Sewer	PTI/LMH		1	\$ 3,758.33						\$ 3,758.33
4) Insurance	City of Rialto/RDA Expenses	Liability Insurance	PTI/LMH		1	\$ 1,036.67						\$ 1,036.67
5) IT/ Computer Related	City of Rialto/RDA Expenses	Computer IT Services on	PTI/LMH		1	\$ 2,155.00						\$ 2,155.00
6) Services and Supplies	City of Rialto/RDA Expenses	Miscellaneous	PTI/LMH		1	\$ 4,270.55						\$ 4,270.55
7) Equipment Expenses	City of Rialto/RDA Expenses	Lease and Maintenance Contract	PTI/LMH		1	\$ 1,333.33						\$ 1,333.33
8) Building Maintenance Expenses	City of Rialto/RDA Expenses	Building Maintenance	PTI/LMH		1	\$ 1,250.83						\$ 1,250.83
9) Vehicle Maintenance	City of Rialto/RDA Expenses	Fleet Maintenance	PTI/LMH		1	\$ 1,690.00						\$ 1,690.00
10) City Administrative Overhead	City of Rialto	RDA's share of City's overhead costs	PTI/LMH		1	\$ 107,507.50						\$ 107,507.50
11) Legal Expenses and Services	Stradling, Yocca, Carlson and Rauth	Agency Special Counsel	PTI/LMH		1	\$ 27,768.16						\$ 27,768.16
12) Marketing and Promotional Expenses	City of Rialto/RDA Expenses	Advertising	PTI/LMH		1							\$ -
13) Travel, Training, Memberships	City of Rialto/RDA Expenses	Training & Memberships	PTI/LMH		1	\$ 2,833.00						\$ 2,833.00
14) CRA Membership	CRA	Association membership annual fee	PTI		1	\$ 17,000.00						\$ 17,000.00
15) ICSC - Spring Event	ICSC/Convention Center Vendor/Hotel	ICSC Spring Retail Trade Show - Las Vegas	PTI/General Fund		1	\$ 10,000.00		\$ 2,000.00	\$ 3,000.00	\$ 5,000.00		\$ 20,000.00
16) General Advocacy Services	David Turch & Associates	Contract Services - Lobbyist	PTI		1	\$ 9,166.00						\$ 9,166.00
17)					3							\$ -
18)												
19) Prologis Properties	Prologis	Land Acquisition Loan	Land Sales	\$ 6,620,637.00								
20) 14801/2 N. Linden Relocation	J & R Upholstery	Relocation of tenant at airport	PTI	\$ 10,803.66		\$ 10,803.66						\$ 10,803.66
21) Brownfield Project	Converse	Consulting services	Grant Funds	\$ 199,125.00	2	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 60,000.00
22) EPA Brownfield Grant	U.S. EPA	2 Grants received for Brownfield	Grant Funds	\$ 600,000.00								
23) CallHome Home Program	State of California HCD	Grant received for housing programs	Grant Funds	\$ 1,000,000.00	2				\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 300,000.00
24) Ground Sub-Lease - Enertech Site	Enertech	Lease Payments under Ground Lease	Lease Payments	\$ 3,800,000.00	4	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 48,102.00
25) Rialto Channel to Cameron**	City of Rialto	Cooperation Agreement*	Drainage Fund	\$ 4,400,000.00								
26)												
27) Amended & Restated COS	Lewis Hillwood Rialto LLC	Deed of Trust	LSP from Area B/C/D	\$ 12,300,000.00								
28) Airport Purchase & Sale Agreement	City of Rialto	Minimum Land Payment to City	LSP from Area B/C/D	\$ 28,000,000.00								
29) Airport City/SBIAA & FAA Escrow Agt	SBIAA	Land Release Payment	LSP from Area B/C/D	\$ 49,500,000.00								
Totals - This Page				\$ 104,430,565.66		\$ 326,875.36	\$ 18,017.00	\$ 20,017.00	\$ 121,017.00	\$ 123,017.00	\$ 118,017.00	\$ 726,960.36

*The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) report was approved by the Successor Agency on February 28, 2012, subject to further approval by the oversight board and audited by the County Auditor-Controller.

**Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently the Successor Agency is preparing supporting documents to be presented to the Department of Finance. Approval of the ROPS does not include approval of this item until further determination.

Funding Sources: RPTTF Redevelopment Property Tax Trust Fund
 PTI Property Tax Increment
 LMH Low Mod Housing Fund
 BP Bond Proceeds
 ACA Administrative Cost Allowance
 LSP Land Sale Proceeds
 ROPS Recognized Obligation Payment Schedule

Notes:

- Effective 2-1-12, no longer an obligation.
- Total due for fiscal year and monthly costs are estimates. Services required and payments made may extend to future fiscal years.
- Administrative Allowance obligation subject to 3% or 5% of funds requested from ROPS.
- Payment amount is an estimate.

Modified RECOGNIZED OBLIGATION PAYMENT SCHEDULE #1
 Per AB 26 - Section 34177

Form D - Current Obligation Payments made from Bond Proceeds

Project Name / Debt Obligation	Payee	Description	Funding Source	Total Outstanding Debt or Obligation	Notes	Payable from Bond Proceeds Payments by month - Year 2012							
						Jan	Feb	Mar	Apr	May	Jun	Total Paid	
1) 2005 Series A TAB's	Union Bank/Trustee	Remaining Balance - Bonds	BP	\$ 1,832,145.96									
2) 2008 Series A TAB's	Union Bank/Trustee	Remaining Balance - Bonds	BP	\$ 8,545,993.37									
3) 2008 Series B TAB's	Union Bank/Trustee	Remaining Balance - Housing Bonds	BP	\$ 7,195,479.44									
4) 2008 Series C TAB's	Union Bank/Trustee	Remaining Balance - Bonds	BP	\$ 157,673.00									
5)													
6) Various Projects	Keyser Marston Assoc. Inc	Analysis	PTI/RPTTF/BP	\$ 50,000.00	1	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 15,000.00	
7) Various projects	Overland, Pacific & Cutler Inc	Purchase and Relocation Services	PTI/RPTTF/BP	\$ 38,815.00	1	\$ 6,469.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 36,469.00	
8) Riverside/I-10 Interchange**	City of Rialto	Street improvement	BP - 2005/08 A	\$ 16,235,292.00	1	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 12,000,000.00	
9) Fire Station 202 Relocation	City of Rialto	New fire station	BP - 2005/08 A	\$ 1,734,111.00	1	\$ 206,000.00	\$ 206,000.00	\$ 206,000.00	\$ 206,000.00	\$ 400,000.00	\$ 500,000.00	\$ 1,724,000.00	
10) Downtown Alley Improvements	City of Rialto	Alley improvement	BP - 2008 A	\$ 987,164.95								\$ -	
11) Rialto Channel Crossings	SB County Flood	Improvement to flood control	BP - 2008 A	\$ 1,800,000.00								\$ -	
12) Cactus Basin #3**	SB County Flood	Improvement to flood control	BP - 2008 A	\$ 2,200,000.00								\$ -	
13) Fergusson Park	Robert Clapper Construction	City park improvement construction	BP - 2008 A	\$ 1,543,617.00	1	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 1,500,000.00	
14) Fergusson Park	RHA Lands. Arch Planner, Inc	City park improvement design	BP - 2008 A	\$ 95,467.95	1	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 20,000.00	\$ 15,467.95	\$ 95,467.95	
15) Pepper Avenue Extension **	City of Rialto/SanBag	New street construction	BP - 2005/08 A	\$ 12,927,195.02	1	\$ -	\$ -	\$ 2,154,532.00	\$ 2,154,532.00	\$ 2,154,532.00	\$ 2,154,532.00	\$ 8,618,128.00	
16) 521 N. Rialto Lease	DiGiovanni Family Trust	project	BP - 2008 A & C	\$ 147,225.00	1	\$ 3,375.00	\$ 3,375.00	\$ 3,375.00	\$ 3,375.00	\$ 3,450.00	\$ 3,450.00	\$ 20,325.00	
17) Pepper Avenue Extension Project	AEI-CASC	Professional Engineering Services	BP - 2008 A & C	\$ 55,998.00	1	\$ -	\$ -	\$ 9,333.00	\$ 9,333.00	\$ 9,333.00	\$ 9,333.00	\$ 37,332.00	
18) Pepper Avenue and Citywide HCP	Atkins North America	Contract Services - Environmental	BP - 2008 A	\$ 41,813.58	1	\$ -	\$ -	\$ 2,919.00	\$ 2,919.00	\$ 2,919.00	\$ 2,919.00	\$ 11,676.00	
19) Downtown Rehabilitation	Willdan Associates	Contract Services - Project Management	BP	\$ 47,360.60	3	\$ 3,128.00						\$ 3,128.00	
20) Panattoni-Linden & Baseline	Linden Baseline LLC	Infrastructure Reimbursement Agreement	BP - 2005 A	\$ 320,000.00								\$ -	
21) Panattoni-Baseline & Locust	Baseline Locust LLC	Infrastructure Reimbursement Agreement	BP - 2005 A	\$ 1,800,000.00								\$ -	
22) Wal-Mart Supercenter DA	WallMart	Infrastructure Reimbursement Agreement	BP - 2005 A	\$ 1,042,000.00								\$ -	
23) Metrolink Expansion Project	City of Rialto	Relocation Records to 429 W. Rialto	BP - 2008 A	\$ 592,467.00								\$ -	
24) Metrolink Parking Expansion	City of Rialto	Cooperation Agreement - Jan. 2012	BP - 2008 A	***								\$ -	
25)													
26) West Jackson Phase I (8 Units)**	SO CAL Housing Resources & Dev	Affordable Housing Project	BP - LMH	\$ 634,000.00	1			\$ 105,666.66	\$ 105,666.66	\$ 105,666.66	\$ 105,666.70	\$ 422,666.68	
27) West Jackson Phase II (32 units)**	SO CAL Housing Resources & Dev	Affordable Housing Project	BP - LMH	\$ 5,238,000.00	1			\$ 873,000.00	\$ 873,000.00	\$ 873,000.00	\$ 873,000.00	\$ 3,492,000.00	
28) TELACU II Senior Housing	TELACU Development Corp	Affordable Housing Project	BP - LMH	\$ 181,817.00	2			\$ 40,000.00				\$ 40,000.00	
29) TELACU III - Senior Housing	TELACU Development Corp	Affordable Housing Project	BP - LMH	\$ 264,000.00	1			\$ 44,000.00	\$ 44,000.00	\$ 44,000.00	\$ 44,000.00	\$ 176,000.00	
30) Crossroads Mixed-Use Housing**	KDF Communities	Affordable Housing Project	BP - LMH	\$ 7,175,328.44								\$ -	
31) Crossroads Mixed-Use Housing	Rialto Housing Authority	Replacement obligation	BP - LMH		4							\$ -	
Totals - This Page				\$ 161,581,362.23		\$ 2,486,472.00	\$ 2,482,875.00	\$ 5,712,325.66	\$ 5,672,325.66	\$ 5,871,325.66	\$ 5,966,868.65	\$ 28,192,192.63	

*The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) report was approved by the Successor Agency on February 28, 2012, subject to further approval by the oversight board and audited by the County Auditor-Controller.
 **Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently awaiting decision. Approval of the ROPS does not include approval of this item until further determination.
 ***Removed from the Recognized Obligation Payment Scheduled, per Department of Finance letter dated April 19, 2012

Funding Sources: RPTTF Redevelopment Property Tax Trust Fund
 PTI Property Tax Increment
 LMH Low Mod Housing Fund
 BP Bond Proceeds
 ACA Administrative Cost Allowance
 LSP Land Sale Proceeds
 ROPS Recognized Obligation Payment Schedule

Notes:
 1 - Total due for fiscal year and monthly costs are estimates. Services required and payments made may extend to future fiscal years.
 2 - Payment amount is an estimate
 3 - Effective 2-1-12, no longer an obligation
 4 - The obligation is not currently required, but may be required at a later date.

Modified RECOGNIZED OBLIGATION PAYMENT SCHEDULE #1
 Per AB 26 - Section 34177

Project Name / Debt Obligation	Payee	Description	Funding Sources	Total Outstanding Debt or Obligation	Notes	Paid from RPTTF by the County Auditor-Controller								
						Payments by month - Year 2012							Total Paid	
						Jan	Feb	Mar	Apr	May	Jun			
1) Successor Agency Support Services	Rialto Successor Agency	Staff Cost	RPTTF		1		33,534.80	33,534.80	33,534.80	33,534.80	33,534.80	\$	167,674.00	
2) Successor Agency Support Services	Rialto Successor Agency	Administrative Cost	RPTTF		1		6,860.00	6,860.00	6,860.00	6,860.00	6,860.00	\$	34,300.00	
3) Successor Agency Support Services	Rialto Successor Agency	Legal Services	RPTTF		1		24,025.00	24,025.00	24,025.00	24,025.00	24,023.00	\$	120,123.00	
4) Successor Agency Support Services	Rialto Successor Agency	Consultant Services	RPTTF		1		4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	\$	21,000.00	
5)												\$	-	
6) Successor Agency Support Services	City of Rialto	Other City Support Services	GF		2							\$	-	
7)												\$	-	
8)												\$	-	
9)												\$	-	
10)												\$	-	
11)												\$	-	
12)												\$	-	
13)												\$	-	
14)												\$	-	
15)												\$	-	
16)												\$	-	
17)												\$	-	
18)												\$	-	
19)												\$	-	
20)												\$	-	
21)												\$	-	
22)												\$	-	
23)												\$	-	
24)												\$	-	
25)												\$	-	
26)												\$	-	
27)												\$	-	
Totals - Administrative Allowance				\$ -			\$ -	\$ 68,619.80	\$ 68,619.80	\$ 68,619.80	\$ 68,619.80	\$ 68,619.80	\$ 68,617.80	\$ 343,097.00

*The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) report was approved by the Successor Agency on February 28, 2012, subject to further approval by the oversight board and audited by the County Auditor-Controller.

Funding Sources:
 RPTTF Redevelopment Property Tax Trust Fund
 GF City General Fund
 ROPS Recognized Obligation Payment Schedule

Notes:
 1- Payment amount is an estimate
 2- Total support service amount is \$63,537. If savings in Administrative Allowance, funds may be used to reimburse General Fund

Modified RECOGNIZED OBLIGATION PAYMENT SCHEDULE #1
Per AB 26 - Section 34177

January 0, 1900

Project Name / Debt Obligation	Payee	Description	Funding Sources	Total Outstanding Debt or Obligation	Paid from RPTTF by the County Auditor-Controller**							
					Payments by month - Year 2012							Total Paid
					Jan	Feb	Mar	Apr	May	Jun		
1) Pass Through Payment	County FCD	Payments per former CRL 33401	RPTTF	\$ 7,571,000.00							\$ -	
2) Pass Through Payment	County General Fund	Payments per former CRL 33401	RPTTF	\$ 17,052,030.00							\$ -	
3) Pass Through Payment	County Library	Payments per former CRL 33401	RPTTF	\$ 3,617,000.00							\$ -	
4) Pass Through Payment	Colton Unified SD	Payments per former CRL 33401	RPTTF	\$ 12,578,000.00							\$ -	
5) Pass Through Payment	IEWRCD	Payments per former CRL 33401	RPTTF	\$ 56,000.00							\$ -	
6) Pass Through Payment	SB Comm College Dst	Payments per former CRL 33401	RPTTF	\$ 2,344,000.00							\$ -	
7) Pass Through Payment	SB Supt of Schools	Payments per former CRL 33401	RPTTF	\$ 346,000.00							\$ -	
8) Pass Through Payment	SBV MWD	Payments per former CRL 33401	RPTTF	\$ 32,247,072.00							\$ -	
9) Pass Through Payment	West Valley WD	Payments per former CRL 33401	RPTTF	\$ 4,900,000.00							\$ -	
10) Pass Through Payment	RUSD	Payments per former CRL 33401	RPTTF	\$ 3,022,000.00							\$ -	
11) Pass Through Payment	SB Comm College Dst	Payments per former CRL 33676	RPTTF	\$ 2,170,000.00							\$ -	
12) Pass Through Payment	County FCD	Payments per CRL 33607.5/33607.7	RPTTF	\$ 3,182,000.00							\$ -	
13) Pass Through Payment	County General Fund	Payments per CRL 33607.5/33607.7	RPTTF	\$ 16,798,000.00							\$ -	
14) Pass Through Payment	County Library	Payments per CRL 33607.5/33607.7	RPTTF	\$ 1,628,000.00							\$ -	
15) Pass Through Payment	CUSD	Payments per CRL 33607.5/33607.7	RPTTF	\$ 15,651,000.00							\$ -	
16) Pass Through Payment	City of Rialto	Payments per CRL 33607.5/33607.7	RPTTF	\$ 17,898,000.00							\$ -	
17) Pass Through Payment	IEWRCD	Payments per CRL 33607.5/33607.7	RPTTF	\$ 235,600.00							\$ -	
18) Pass Through Payment	SB Comm College Dst	Payments per CRL 33607.5/33607.7	RPTTF	\$ 6,279,000.00							\$ -	
19) Pass Through Payment	SB Supt of Schools	Payments per CRL 33607.5/33607.7	RPTTF	\$ 1,241,000.00							\$ -	
20) Pass Through Payment	SBV MWD	Payments per CRL 33607.5/33607.7	RPTTF	\$ 2,693,000.00							\$ -	
21) Pass Through Payment	West Valley WD	Payments per CRL 33607.5/33607.7	RPTTF	\$ 1,411,000.00							\$ -	
22) Pass Through Payment	IEUA	Payments per CRL 33607.5/33607.7	RPTTF	\$ 1,020,000.00							\$ -	
23) Pass Through Payment	Chaffey College	Payments per CRL 33607.5/33607.7	RPTTF	\$ 433,000.00							\$ -	
24) Pass Through Payment	FUSD	Payments per CRL 33607.5/33607.7	RPTTF	\$ 2,804,000.00							\$ -	
25) Pass Through Payment	RUSD	Payments per CRL 33607.5/33607.7	RPTTF	\$ 23,554,000.00							\$ -	
26)											\$ -	
27) 20% Low-Mod-Tax-Increment***	City-of-Rialto/Housing-Author	Compliance-with-law-of-20%-TI-for-low-mo	RPTTF	****							\$ -	
Totals - Pass-Throughs					\$ 180,730,702.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$0	\$0

*The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) report was approved by the Successor Agency on February 28, 2012, subject to further approval by the oversight board and audited by the County Auditor-Controller.
 ** County Auditor-Controller responsible to pay pass through payments to the taxing agencies. Total amounts not included in the ROPS.
 ***Subject to compliance with California Redevelopment Law, if required.
 ****Removed from the Recognized Obligation Payment Scheduled, per Department of Finance letter dated April 19, 2012

Funding Sources:
 RPTTF Redevelopment Property Tax Trust Fund
 PTI Property Tax Increment
 LMH Low Mod Housing Fund
 BP Bond Proceeds
 ACA Administrative Cost Allowance
 LSP Land Sale Proceeds
 ROPS Recognized Obligation Payment Schedule

Recognized Obligation Payment Schedule (ROPS) # 2*

For Period: July 1, 2012 to December 31, 2012

Name of Successor Agency: City of Rialto, as Successor Agency to the Redevelopment Agency of the City of Rialto

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	\$ 831,410,131.25	\$ 29,537,091.16
	Total Due for Six Month Period	
Outstanding Debt or Obligation	\$ 18,145,563.09	
Available Revenues other than anticipated funding from RPTTF - Bonds	\$ 10,839,866.62	
Available Revenues other than anticipated funding from RPTTF - Non-Bonds	\$ 117,664.50	
Enforceable Obligations paid with RPTTF - Future Payments	\$ -	
Enforceable Obligations paid with RPTTF - Current Payments	\$ 6,978,713.97	
Administrative Cost paid with RPTTF	\$ 209,318.00	
Administrative Allowance (greater of 3% of anticipated Funding from RPTTF or 250,000 per fiscal year. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 209,361.42	

Certification of Oversight Board Chairman:
Pursuant to Section 34177(l) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Enforceable Payment Schedule for the above named agency.

BOB PAGE , CHAIR	
Name	Title
<i>Bob Page</i>	5/3/12
Signature	Date

* Certain items as listed in this ROPS#2 have been denied by Department of Finance per a letter dated April 19, 2012. The Successor Agency Oversight Board has submitted a request to the Department of Finance to reconsider the items as enforceable obligations. Currently awaiting decision on certain items and preparing supporting documents for other items. Approval of ROPS2 does not include approval of the subject items until further determination.

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) #2
 Per AB 26 - Section 34177(*)

Project Name / Debt Obligation	Payee	Description	Funding Sources***	Year Obligation Ends	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Notes	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)							
								Payments by month - Year 2012							Total Paid
								Jul	Aug	Sep	Oct	Nov	Dec		
1) 2003 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	2027	\$ 34,909,362.50	\$ 2,183,512.50	1			1,103,287.50					\$ 1,103,287.50
2) 2005 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	2035	\$ 44,192,005.50	\$ 1,291,645.00	1			647,302.50					\$ 647,302.50
3) 2005 Series B TAB's	Union Bank/Trustee	Housing Bonds	RPTTF	2032	\$ 16,119,863.75	\$ 774,932.00	1			533,243.75					\$ 533,243.75
4) 2005 Series C TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	2035	\$ 30,754,353.00	\$ 1,306,845.00	1			658,195.00					\$ 658,195.00
5) 2008 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	2037	\$ 84,345,743.50	\$ 2,747,017.50	1			1,378,428.75					\$ 1,378,428.75
6) 2008 Series B TAB's	Union Bank/Trustee	Housing Bonds	RPTTF	2037	\$ 64,123,437.50	\$ 2,341,437.50	1			1,178,437.50					\$ 1,178,437.50
7) 2008 Series C TAB's	Union Bank/Trustee	Public Improvement Bonds	RPTTF	2037	\$ 47,353,375.00	\$ 1,838,500.00	1			924,500.00					\$ 924,500.00
8) 2007 COP Reimbursement Agt****	City of Rialto	Public Improvement Bonds	RPTTF	2022	\$ 1,869,274.97	\$ 187,698.49		\$ 30,200.00							\$ 30,200.00
9) Walmart DDA	Hubbs	Sales Tax Rebate Agreement	RPTTF	2013	\$ 2,426,514.34	\$ 250,000.00			\$ 62,500.00				\$ 62,500.00		\$ 125,000.00
10) Enterprise OPA	Enterprise	Sales Tax Rebate Agreement	RPTTF	2016	\$ 471,936.83	\$ 108,000.00			\$ 27,000.00				\$ 27,000.00		\$ 54,000.00
11) Pusan Pipe OPA	Pusan Pipe	Sales Tax Rebate Agreement	RPTTF	Unknown	\$ 108,176.48	\$ 35,487.00									\$ -
12) Riverside Easton Retail Project	Sprint/Nextel / Overland Pacific and Cutler	Relocation of Cell Towers	RPTTF	Unknown	\$ 319,600.00	\$ 319,600.00	2	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 36,000.00
13) Oversight Board Support Services	Oversight Board	For Legal and other needed services	RPTTF	Admin	\$ 480,000.00	\$ 120,000.00	4	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 60,000.00
14) Monitor Housing Agreements	Rialto Housing Authority/Keysar Maraton Association	Affordable Housing Agreement Monitor	RPTTF	Admin	\$ 360,000.00	\$ 40,000.00	4	\$ 3,333.00	\$ 3,333.00	\$ 3,333.00	\$ 3,333.00	\$ 3,333.00	\$ 3,333.00	\$ 3,333.00	\$ 20,000.00
15) Legal Services	Siradling Yocca, Carlson & Rauth	Legal services for on-going projects	RPTTF	Admin	\$ 491,200.00	\$ 120,000.00	4	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 60,000.00
16) Project Management	Rialto Housing Authority	For on-going affordable housing projects	RPTTF	Admin	\$ 276,480.00	\$ 69,120.00	4	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 34,560.00
17) Project Management	City of Rialto	For on-going projects	RPTTF	Admin	\$ 253,900.80	\$ 63,474.00	4	\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 5,289.60	\$ 31,737.60
18) Lease of copy machine	Konica Minolta	Lease for copy machine	RPTTF	2013	\$ 3,990.00	\$ 3,193.00		\$ 266.02	\$ 266.02	\$ 266.02	\$ 266.02	\$ 266.02	\$ 266.02	\$ 266.02	\$ 1,596.12
19) Property Maintenance	Successor Agency	Repairs and maintenance of RDA properties	RPTTF	Admin	\$ 72,000.00	\$ 18,000.00	4	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 9,000.00
20) Weed Abatement	Kinco Weed Abatement	Weed abatement of RDA vacant lots	RPTTF	Admin	\$ 40,000.00	\$ 8,000.00	4								\$ -
21) EPA Brownfield Grant	RDA Match Expenses	Agency 20% match for EPA Grant	RPTTF	2013	\$ 28,500.00	\$ 28,500.00	2	\$ 2,375.00	\$ 2,375.00	\$ 2,375.00	\$ 2,375.00	\$ 2,375.00	\$ 2,375.00	\$ 2,375.00	\$ 14,250.00
22) General Plan Update	Hogle-Ireland Inc	Contract Services - Planning	RPTTF	2012	\$ 10,975.25	\$ 10,975.25		\$ 1,829.00	\$ 1,829.00	\$ 1,829.00	\$ 1,829.00	\$ 1,829.00	\$ 1,829.00	\$ 1,830.25	\$ 10,975.25
23) Bond Servicing	Willdan/Union Bank	Trustee Fees/Arbitrage Rebate Services	RPTTF	Admin	\$ 531,500.00	\$ 20,000.00	4	\$ 1,700.00	\$ 1,700.00	\$ 1,700.00	\$ 1,700.00	\$ 1,700.00	\$ 1,500.00	\$ 1,500.00	\$ 10,000.00
24)															\$ -
25) Asset Dissolution Activities****	Various	Appraisal, marketing, title, misc., consultants	RPTTF	Admin	?	?		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 60,000.00
26)															\$ -
Totals - This Page						\$ 329,542,189.42	\$ 13,885,937.24		\$ 88,252.62	\$ 147,552.62	\$ 6,479,447.62	\$ 58,052.62	\$ 147,552.62	\$ 57,855.87	\$ 6,978,713.97

Totals - Page 1 (RPTTF funding for current period of ROPS obligation payments)	\$ 329,542,189.42	\$ 13,885,937.24	\$ 88,252.62	\$ 147,552.62	\$ 6,479,447.62	\$ 58,052.62	\$ 147,552.62	\$ 57,855.87	\$ 6,978,713.97
Totals - Page 2 (RPTTF funding for future ROPS obligation payments)	\$ 256,966,438.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3 (Other funding sources for ROPS obligation payments)	\$ 104,311,660.00	\$ 235,329.00	\$ 19,610.75	\$ 19,610.75	\$ 19,610.75	\$ 19,610.75	\$ 19,610.75	\$ 19,610.75	\$ 117,664.50
Totals - Page 4 (Bond proceeds funding sources for ROPS obligation payments)	\$ 140,589,842.95	\$ 15,415,824.92	\$ 2,101,240.55	\$ 2,047,043.55	\$ 2,365,376.87	\$ 1,442,043.55	\$ 1,442,043.55	\$ 1,442,118.55	\$ 10,839,866.62
Totals - Page 5 (Administrative Allowance)	\$ -	\$ -	\$ 33,310.00	\$ 33,310.00	\$ 33,310.00	\$ 33,310.00	\$ 33,310.00	\$ 42,768.00	\$ 209,318.00
Grand total - All Pages	\$ 831,410,131.25	\$ 29,537,091.16	\$ 2,242,413.92	\$ 2,247,516.92	\$ 8,897,745.24	\$ 1,553,016.32	\$ 1,642,516.92	\$ 1,562,353.17	\$ 18,145,563.09

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 4-15-2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by May 15, 2012.
 ** All total due during fiscal year and payment amounts are projected.
 *** Funding sources from the successor agency.

RPTTF - Redevelopment Property Tax Trust Fund
 LSP - Land Sale Proceeds
 BP - Bond Proceeds
 **** Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently awaiting decision. Approval of the ROPS does not include approval of this item until further determination.
 ***** Item Added

Notes:
 1 - Actual bond payment funding is higher than shown on schedule due to additional funding request in previous ROPS to ensure sufficient funds from RPTTF to cover bond payments for September 2012. See below.
 2 - Total due for fiscal year and monthly costs are estimates. Services required and payments made may extend to future fiscal years.
 3 - Payment amount is an estimate.
 4 - Subject to need for services. Monthly payment and total outstanding amounts are estimates.

Actual Bond Payments:	
2003 Series A TAB's	\$ 1,615,787.50
2005 Series A TAB's	\$ 738,902.50
2005 Series B TAB's	\$ 533,243.75
2005 Series C TAB's	\$ 865,695.00
2008 Series A TAB's	\$ 1,618,428.75
2008 Series B TAB's	\$ 1,328,937.50
2008 Series C TAB's	\$ 1,064,500.00

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) #2
 Per AB 26 - Section 34177(*)

Project Name / Debt Obligation	Payee	Description	Funding Source***	Year Obligation Ends	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Notes	Future payment from the Redevelopment Property Tax Trust Fund (RPTTF)						
								Payments by month - Year 2012						
								Jul	Aug	Sep	Oct	Nov	Dec	Total Paid
1) Area B/C/D COS	Lewis Hillwood Rialto LLC	Option Contract	RPTTF	Unknown			1							
2) Area A COS	Lewis Hillwood Rialto LLC	Option Contract	RPTTF	Unknown			1							
3) Employee Separation Benefits	City of Rialto	Cover long-term employee separation benefits	RPTTF	Long Term	\$ 575,000.00									
4) Rialto Airport / Renaissance Rialto	Epic Land Solutions Inc.	Contract Services - Relocation Services	RPTTF	Unknown	\$ 638,612.88									
5) Acosta Participation Agreement	Fernando Acosta	Contract Services	RPTTF	Unknown	\$ 312,000.00									
6) Highland Channel ****	City of Rialto	Improvement to flood control	RPTTF	Unknown	\$ 8,266,488.00									
7) Riverside/I-10 Interchange Phase II****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 40,000,000.00									
8) WDJL Property Street Improvements****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 1,000,000.00									
9) Walnut Avenue Industrial Park****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 1,000,000.00									
10) Ayala Industrial Park****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 3,000,000.00									
11) Rails to Trails****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 3,000,000.00									
12) Fire Station 205****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 10,000,000.00									
13) Cactus Basin 4&5****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 22,000,000.00									
14) Rialto Channel Airport****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 10,200,000.00									
15) Airport Public Improvements****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 123,300,000.00									
16) Airport Tenant Relocations****	City of Rialto	Cooperation Agreement	RPTTF	Unknown	\$ 16,000,000.00									
17) 2004 HELP Loan	CHFA	Housing Loan	RPTTF	2014	\$ 1,300,000.00									
18) 2005 HELP Loan	CHFA	Housing Loan	RPTTF	2015	\$ 1,300,000.00									
19) Regional Benefit Facilities/Industrial****	County of San Bernardino/To Be Determined	Obligation to construct flood control	RPTTF	Unknown	\$ 10,049,338.00									
20) Regional Benefit Facilities/Gateway****	County of San Bernardino/To Be Determined	Obligation to construct flood control	RPTTF	Unknown	\$ 5,025,000.00									
Totals - This Page					\$ 256,966,438.88			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 ** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency:

RPTTF - Redevelopment Property Tax Trust Fund ACA - Administrative Cost Allowance
 LSP - Land Sale Proceeds Other - Reserves, rents, interest earning, etc
 BP - Bond Proceeds

Notes:

1 - Option contract with no obligation to expend funds, but an obligation to convey property

**** Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently preparing supporting documents to be submitted to the Department of Finance. Approval of the ROPS does not include approval of this item until further determination.

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) #2
Par AB 26 - Section 34177(*)

Project Name / Debt Obligation	Payee	Description	Funding Sources***	Year Obligation Ends	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Notes	Payable from Other Funding Sources						Total Paid		
								Payments by month - Year 2012								
								Jul	Aug	Sep	Oct	Nov	Dec			
1)															\$ -	
2)															\$ -	
3)															\$ -	
4)															\$ -	
5)															\$ -	
6)															\$ -	
7)															\$ -	
8)															\$ -	
9)															\$ -	
10)															\$ -	
11)															\$ -	
12)															\$ -	
13)															\$ -	
14)															\$ -	
15)															\$ -	
16)															\$ -	
17)															\$ -	
18)															\$ -	
19) Prologis Properties****	Prologis	Land Acquisition Loan	Land Sales	Unknown	\$ 6,620,637.00										\$ -	
20)															\$ -	
21) Brownfield Project	Converse	Consulting services	Grant Funds	2013	\$ 139,125.00	\$ 139,125.00	2	\$ 11,593.75	\$ 11,593.75	\$ 11,593.75	\$ 11,593.75	\$ 11,593.75	\$ 11,593.75	\$ 11,593.75	\$ 69,562.50	
22) EPA Brownfield Grant	U.S. EPA	2 Grants received for Brownfield	Grant Funds	Unknown	\$ 800,000.00										\$ -	
23) CallHome Home Program	State of California HCD	Grant received for housing programs	Grant Funds	2013	\$ 1,000,000.00										\$ -	
24) Ground Sub-Lease - Enertech Site	Enertech	Lease Payments under Ground Lease	Lease Payments	Long Term	\$ 3,751,888.00	\$ 90,204.00	3	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 8,017.00	\$ 48,102.00	
25) Rialto Channel to Cameron****	City of Rialto	Cooperation Agreement*	Drainage Fund	Unknown	\$ 4,400,000.00										\$ -	
26)															\$ -	
27) Amended & Restated COS	Lewis Hillwood Rialto LLC	Deed of Trust	LSP from Area B/C/D	Unknown	\$ 12,300,000.00										\$ -	
28) Airport Purchase & Sale Agreement	City of Rialto	Minimum Land Payment to City	LSP from Area B/C/D	Unknown	\$ 26,000,000.00										\$ -	
29) Airport City/SBIAA & FAA Escrow Agt	SBIAA	Land Release Payment	LSP from Area B/C/D	Unknown	\$ 49,500,000.00										\$ -	
Totals - This Page						\$ 104,311,660.00	\$ 235,329.00		\$ 10,610.75	\$ 10,610.75	\$ 10,610.75	\$ 10,610.75	\$ 10,610.75	\$ 10,610.75	\$ 10,610.75	\$ 117,084.50

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 ** All total due during fiscal year and payment amounts are projected.
 *** Funding sources from the successor agency.
 RPTTF - Redevelopment Property Tax Trust Fund ACA - Administrative Cost Allowance
 LSP - Land Sale Proceeds Other - Reserves, rents, interest earning, etc
 BP - Bond Proceeds
 **** Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently preparing supporting documents to be submitted to the Department of Finance. Approval of the ROPS does not include approval of this item until further determination.
 ***** On April 19, 2012, the Oversight Board approved to convey the property and void the obligation of \$6,620,637 with Prologis. The obligation will remain on the ROPS until the agreement is formerly executed.

Page 3 of 5

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) #2
 Per AB 26 - Section 34177(*)

Form D - Current Obligation Payments made from Bond Proceeds

Project Name / Debt Obligation	Payee	Description	Funding Source***	Year Obligation Ends	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Notes	Payable from Bond Proceeds						Total Paid	
								Payments by month - Year 2012							
								Jul	Aug	Sep	Oct	Nov	Dec		
1) 2005 Series A TAB's	Union Bank/Trustee	Remaining Balance - Bonds	BP		\$ 1,832,145.96										
2) 2008 Series A TAB's	Union Bank/Trustee	Remaining Balance - Bonds	BP		\$ 8,545,993.37										
3) 2008 Series B TAB's	Union Bank/Trustee	Remaining Balance - Housing Bonds	BP		\$ 7,195,479.44										
4) 2008 Series C TAB's	Union Bank/Trustee	Remaining Balance - Bonds	BP		\$ 157,673.00										
5)															
6) Various Projects	Keyser Marston Assoc. Inc	Contract Services - Financial Feasibility Analysis	RPTTF/BP	Admin	\$ 35,000.00		2	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 15,000.00	
7) Various projects	Overland, Pacific & Cutler Inc	Purchase and Relocation Services	RPTTF/BP	Admin	\$ 2,346.00		2	\$ 6,466.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 36,469.00	
8) Riverside/I-10 Interchange****	City of Rialto	Street Improvement	BP - 2005/08 A	2012	\$ 12,000,000.00	\$ 4,235,292.00		\$ 705,882.00	\$ 705,882.00	\$ 705,882.00	\$ 705,882.00	\$ 705,882.00	\$ 705,882.00	\$ 4,235,292.00	
9) Fire Station 202 Relocation	City of Rialto	New fire station	BP - 2005/08 A	2012	\$ 1,724,000.00	\$ 10,111.00		\$ 10,111.00						\$ 10,111.00	
10)														\$ -	
11) Rialto Channel Crossings	SB County Flood	Improvement to flood control	BP - 2008 A	Unknown	\$ 1,800,000.00									\$ -	
12) Cactus Basin #3****	SB County Flood	Improvement to flood control	BP - 2008 A	Unknown	\$ 2,200,000.00									\$ -	
13) Fergusson Park	Robert Clapper Construction	City park improvement construction	BP - 2008 A	2012	\$ 1,500,000.00			\$ 43,617.00						\$ 43,617.00	
14)														\$ -	
15) Pepper Avenue Extension ****	City of Rialto/SanBag	New street construction	BP - 2005/08 A	2014	\$ 8,618,129.54	\$ 8,618,131.02	2	\$ 718,177.58	\$ 718,177.58	\$ 718,177.58	\$ 718,177.58	\$ 718,177.58	\$ 718,177.58	\$ 4,309,065.48	
16) 521 N. Rialto Lease	DiGiovanni Family Trust	Part of Metrolink Expansion Project	BP - 2008 A & C	?	\$ 126,900.00	\$ 40,650.00		\$ 3,375.00	\$ 3,375.00	\$ 3,375.00	\$ 3,375.00	\$ 3,375.00	\$ 3,450.00	\$ 20,325.00	
17) Pepper Avenue Extension Project	AEI-CASC	Professional Engineering Services	BP - 2008 A & C	2014	\$ 37,332.00	\$ 37,332.00	2	\$ 3,111.00	\$ 3,111.00	\$ 3,111.00	\$ 3,111.00	\$ 3,111.00	\$ 3,111.00	\$ 18,666.00	
18) Pepper Avenue and Citywide HCP	Atkins North America	Contract Services - Environmental	BP - 2008 A	2014	\$ 23,825.76	\$ 35,975.58	2	\$ 2,997.97	\$ 2,997.97	\$ 2,997.97	\$ 2,997.97	\$ 2,997.97	\$ 2,997.97	\$ 17,987.82	
19)														\$ -	
20) Panattoni-Linden & Baseline	Linden Baseline LLC	Infrastructure Reimbursement Agreement	BP - 2005 A	Unknown	\$ 320,000.00									\$ -	
21) Panattoni-Baseline & Locust	Baseline Locust LLC	Infrastructure Reimbursement Agreement	BP - 2005 A	Unknown	\$ 1,800,000.00									\$ -	
22) Wal-Mart Supercenter DA	WalMart	Infrastructure Reimbursement Agreement	BP - 2005 A	Unknown	\$ 1,042,000.00									\$ -	
23) Metrolink Expansion Project	City of Rialto	Relocation Records to 429 W. Rialto	BP - 2008 A	Unknown	\$ 305,000.00	\$ 305,000.00								\$ -	
24)														\$ -	
25)														\$ -	
26) West Jackson Phase I (6 Units)****	SO CAL Housing Resources & Dev	Affordable Housing Project	BP - LMH	2013	\$ 422,666.68	\$ 211,333.32		\$ 50,000.00	\$ 50,000.00	\$ 111,333.32				\$ 211,333.32	
27) West Jackson Phase II (32 units)****	SO CAL Housing Resources & Dev	Affordable Housing Project	BP - LMH	2013	\$ 3,492,000.00	\$ 1,746,000.00		\$ 500,000.00	\$ 500,000.00	\$ 746,000.00				\$ 1,746,000.00	
28)					\$ -									\$ -	
29) TELACU III - Senior Housing Crossroads Mixed-Use Housing****	TELACU Development Corp	Affordable Housing Project	BP - LMH	2013	\$ 176,000.00	\$ 176,000.00		\$ 55,000.00	\$ 55,000.00	\$ 66,000.00				\$ 176,000.00	
30) Housing****	KDF Communities	Affordable Housing Project	BP - LMH	2013	\$ 7,175,328.44									\$ -	
31) Crossroads Mixed-Use Housing	Rialto Housing Authority	Replacement obligation	BP - LMH	Unknown			4							\$ -	
Totals - This Page						\$ 140,589,842.95	\$ 15,415,824.92		\$ 2,101,240.55	\$ 2,047,043.55	\$ 2,365,376.87	\$ 1,442,043.55	\$ 1,442,043.55	\$ 1,442,118.55	\$ 10,839,866.62

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** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency:

RPTTF - Redevelopment Property Tax Trust Fund
 LSP - Land Sale Proceeds
 BP - Bond Proceeds
 ACA - Administrative Cost Allowance
 Other - Reserves, rents, interest earning, etc

Notes:

- 1 - Amount readjusted from ROPS1 amount.
- 2 - Total due for fiscal year and monthly costs are estimates. Services required and payments made may extend to future fiscal years.
- 3 - Payment amount is an estimate.
- 4 - The obligation is not currently required, but may be at a later date.

**** Item denied by Department of Finance per letter dated April 19, 2012. Successor Agency has submitted a request to reconsider item as enforceable obligation. Currently awaiting decision. Approval of the ROPS does not include approval of this item until further determination.

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) #2
 Per AB 26 - Section 34177(*)

Project Name / Debt Obligation	Payee	Description	Funding Sources***	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Notes	Paid from RPTTF by the County Auditor-Controller						Total Paid	
							Payments by month - Year 2012							
							Jul	Aug	Sep	Oct	Nov	Dec		
1) Successor Agency Support Services	Rialto Successor Agency	Staff Cost	RPTTF			3	24,063.00	24,063.00	24,063.00	24,063.00	24,063.00	24,063.00	\$	-
2) Successor Agency Support Services	Rialto Successor Agency	Administrative Cost	RPTTF			3	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	\$	11,730.00
3) Successor Agency Support Services	Rialto Successor Agency	Legal Services	RPTTF			3	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	\$	37,500.00
4) Successor Agency Support Services	Rialto Successor Agency	Consultant Services	RPTTF			3	1,042.00	1,042.00	1,042.00	1,042.00	1,042.00	10,500.00	\$	15,710.00
5)													\$	-
6) Successor Agency Support Services	City of Rialto	Other City Support Services	GF			4							\$	-
7)													\$	-
8)													\$	-
9)													\$	-
10)													\$	-
11)													\$	-
12)													\$	-
13)													\$	-
14)													\$	-
15)													\$	-
16)													\$	-
17)													\$	-
18)													\$	-
19)													\$	-
20)													\$	-
21)													\$	-
22)													\$	-
23)													\$	-
24)													\$	-
25)													\$	-
26)													\$	-
27)													\$	-
Totals - Administrative Allowance							\$ 33,310.00	\$ 33,310.00	\$ 33,310.00	\$ 33,310.00	\$ 33,310.00	\$ 42,768.00	\$	209,318.00

*The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 4-15-2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by May 15, 2012.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency:

RPTTF - Redevelopment Property Tax Trust
 LSP - Land Sale Proceeds
 BP - Bond Proceeds
 ACA - Administrative Cost Allowance
 Other - Reserves, rents, interest earning, etc
 GF - General Fund

Notes:
 1 - Blank
 2 - Total due for fiscal year and monthly costs are estimates. Services required and payments made may extend to future fiscal years.
 3 - Payment amount is an estimate.
 4 - For Successor Agency support services. If savings in Administrative Allowance, funds may be used to reimburse General Fund

ATTACHMENT "B"

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DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

RECEIVED

MAR - 7 2012

March 2, 2012

FISCAL SERVICES
ADMINISTRATION

Dear County Board of Supervisors, City Administrators, and
Redevelopment Successor Agency Representatives:

The purpose of this letter is to provide information on some of the most important next steps required to implement Assembly Bill 26, First Extraordinary Session (ABX1 26, Chapter 5, Statutes of 2011), which dissolved redevelopment agencies (RDAs) effective February 1, 2012 and replaced them with successor agencies. According to our records, your city (or county) has chosen to act as the successor agency for your former RDA.

Before it was dissolved, your former RDA submitted to the Department of Finance (Finance) an Enforceable Obligation Payment Schedule (EOPS) which listed the various financial obligations that the RDA believed to be Enforceable Obligations, as that term is defined by ABX1 26. The EOPS should be extended until a Recognized Obligation Payment Schedule (ROPS) listing all enforceable obligations proposed for payment between January 1, 2012 and June 30, 2012 can be adopted and is valid.

Pursuant to the timeline in ABX1 26 as revised by the Supreme Court's order, the first ROPS must be approved in initial form by your successor agency's governing body no later than March 1, 2012. The ROPS must be approved by the oversight board in final form no later than April 15, 2012, and also must be submitted to Finance, the State Controller, and the county auditor-controller for review no later than the April 15, 2012. Beginning May 1, 2012, only those payments on an approved ROPS should be made for the period through June 30, 2012. The ROPS for the period July 1, through December 31, 2012 must be submitted to Finance and the county auditor as soon as possible but no later than May 11. This will leave 10 working days for our review and four working days for the county auditor-controller to prepare to make timely payments to successor agencies and taxing agencies on June 1, 2012, as required by ABX1 26. While Finance will make every effort to reach agreement with successor agencies on items to be included in the ROPS by those dates, additional time may be needed to review complex items. Thus we encourage agencies with complex issues to bring them to our attention as soon as possible.

In order to expedite our review of the ROPS, Finance auditors are currently reviewing the EOPS that has been submitted to identify any items which may require more information to assist our review. We request that your staff cooperate with requests for information. We anticipate that some items that we do not believe are enforceable obligations may be identified in this process and we will be providing you with notice of those so that they may be removed from the ROPS.

Finance staff will notify the staff contact for the successor agency within three days by e-mail if we are exercising our right to further review items in the ROPS. We will provide notice of which items we are reviewing within 10 days. After that notice and after May 1, no payment related to any such items should be made, even if they are on a previously adopted EOPS, until Finance agrees to the inclusion of the item on the ROPS.

While we hope that agreement can be reached on most items, there are likely to be some items included on the ROPS on which agreement cannot be reached by the time payments are to be made to successors and taxing agencies under the law. We believe that the fiduciary duty a successor agency owes to its undisputed creditors takes precedence over any right to dispute whether other items are enforceable obligations. We respect the rights of a successor agency to maintain a different position with regard to such items and recognize that litigation may be necessary to resolve some disputes. We will endeavor to minimize the cost of litigation by continuing to research and discuss any disputed items until it is clear that no mutually satisfactory resolution is possible. Once a payment date is reached, Finance views the undisputed items to be the ROPS for purposes of distribution of funds from the Redevelopment Property Tax Trust Fund for that six month period and will be providing notice to the county auditor of those items no later than five working days prior to a statutory distribution date. If resolution of the dispute later determines that an item is an enforceable obligation, it may be placed on the next ROPS.

The review of the ROPS by the public and the oversight board is very important and adequate time should be allowed for this to take place. Given these compressed timeframes, we believe it would be prudent for your oversight board to review, approve, and submit the ROPS to Finance at the earliest possible time. If we object to any items on your ROPS, this early submittal will help ensure any problems are resolved before May 1 and May 11 deadlines, thereby enabling your Successor Agency to make debt payments timely and to receive funding for all enforceable obligations.

Your successor agency's oversight board has seven members, of whom one is appointed by the city, two by the county board of supervisors, one by the county superintendent of education, one by the California Community Colleges, one by the largest special district by property tax share with territory in the former RDA's project areas, and one to represent the employees of the former RDA. Since the ROPS must be approved by the oversight board by April 15, and since the ROPS cannot be submitted to Finance until it has been approved by the oversight board, we encourage you to work expeditiously with the various appointing powers to ensure they name their oversight board members as soon as possible.

Finally, ABX1 26 states that the initial ROPS must be submitted to the auditor performing the agreed upon procedures audit for review. While it would be preferred that this take place in conjunction with the completion of the agreed upon procedures audit, this review of the initial ROPS is a separate action that should not be delayed pending completion of the audit.

County auditor-controllers have until July 1, 2012 to arrange for completion of these audits pursuant to the California Supreme Court's revised ABX1 26 timeline, and we understand many auditors may require even longer to actually complete the audits. Consequently, if the auditor designated by your county auditor-controller states the review of the ROPS cannot be completed by April 15, we advise you to submit your ROPS to Finance without waiting for the auditor's review. If, however, your auditor states they will complete the ROPS review by April 15, we advise you to not submit the ROPS until the review is complete. We advise you to consult your county auditor-controller on the timing of the agreed-upon-procedures audit.

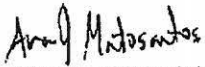
We would appreciate receiving a copy of the auditor's report when it is completed. This will help expedite review of your ROPS.

The Department of Finance website contains substantial additional information about ABX1 26 that is updated as we develop responses to questions and work with other parties. This can be found at the following link:

http://www.dof.ca.gov/assembly_bills_26-27/view.php

Thank you for your attention to this matter. Please direct any questions to Finance staff at (916) 445-1546, or send an e-mail to: redvelopment_administration@dof.ca.gov.

Sincerely,



ANA J. MATOSANTOS
Director

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **RIALTO (SAN BERNARDINO)**

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$382,515,224

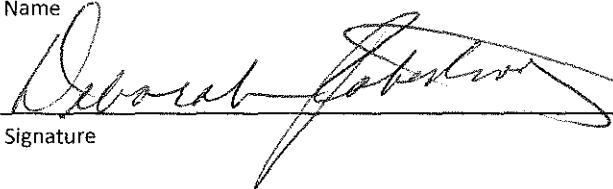
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$50,718,540
B Enforceable Obligations Funded with RPTTF	\$5,519,502
C Administrative Allowance Funded with RPTTF	\$165,585
D Total RPTTF Funded (B + C = D)	\$5,685,087
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$56,403,627
F Enter Total Six-Month Anticipated RPTTF Funding	\$8,700,000
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$3,014,913

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))

H Enter Estimated Obligations Funded by RPTTF <i>(lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	\$6,824,388
I Enter Actual Obligations Paid with RPTTF	\$6,586,024
J Enter Actual Administrative Expenses Paid with RPTTF	\$198,768
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$39,596
L Adjustment to RPTTF (D - K = L)	\$5,645,491

Certification of Oversight Board Chairman:

Pursuant to Section 34177(m) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

Deborah Robertson	Chair
Name	Title
/s/ 	2/21/2013
Signature	Date

RIALTO (SAN BERNARDINO)
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A)
 July 1, 2013 through December 31, 2013

Oversight Board Approval Date: 2-21-2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2013-14	Funding Source						
									Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total	
62	Rialto Channel Crossings - Agreement	6/27/2005	On-Going	SB County Flood	Improvement to flood control - future project per AB1484		1,800,000	1,800,000	1,800,000	0	0	0	0	0	1,800,000
63	Cactus Basin #2 - Agreement			SB County Flood	Improvement to flood control, appeal denied	See note #14	0	0	0	0	0	0	0	0	0
64	Pepper Avenue Extension - Agreement	7/1/2005	7/6/2005	City of Rialto/Sanbag	New street construction - appeal denied	See note #15	0	0	0	0	0	0	0	0	0
65	321 N. Rialto Lease Agreement	6/1/2010	5/31/2015	DiGiovanni Family Trust	Part of Metrolink Expansion Project		89,100	42,300	21,150	0	0	0	0	0	21,150
66	Pepper Avenue Extension Project - Contract	7/15/2008	On-Going	KEI-CASC	Professional Engineering Services		9,810	9,810	9,810	0	0	0	0	0	9,810
67	Pepper Avenue and Citywide HCP - Contract	11/10/2009	On-Going	Atkins North America	Contract Services - Environmental		17,675	17,675	17,675	0	0	0	0	0	17,675
68	Panatton-Linden 3 Baseline - Agreement	7/15/2008	On-Going	Linden Baseline LLC	Infrastructure Reimbursement Agreement		320,000	320,000	320,000	0	0	0	0	0	320,000
69	Panatton-Baseline & Locust - Agreement	7/15/2008	On-Going	Baseline Locust LLC	Infrastructure Reimbursement Agreement		1,800,000	1,800,000	1,800,000	0	0	0	0	0	1,800,000
70	Wal-Mart Supercenter Agreement	7/15/2008	On-Going	WalMart	Infrastructure Reimbursement Agreement		1,042,000	1,042,000	1,042,000	0	0	0	0	0	1,042,000
71	Metrolink Expansion Project - Agreement	6/9/2009	On-Going	City of Rialto	Expansion of Metrolink Parking Lot		305,000	305,000	305,000	0	0	0	0	0	305,000
72	West Jackson (8 Units) - Agreement	7/1/2005	7/5/2005	SO CAL Housing Resources & Dev	Affordable Housing Project - Appeal denied	See note #15	0	0	0	0	0	0	0	0	0
73	West Jackson (32 Units) - Agreement	7/1/2005	7/5/2005	SO CAL Housing Resources & Dev	Affordable Housing Project - Appeal denied	See note #15	0	0	0	0	0	0	0	0	0
74	TELACU III - Senior Housing - Agreement	REMOVE		TELACU Development Corp	Affordable Housing Project		0	0	0	0	0	0	0	0	0
75	Crossroads Mixed-Use Housing - Agreement	7/1/2005	7/5/2005	KDF Communities	Affordable Housing Project - Appeal denied	See note #15	0	0	0	0	0	0	0	0	0
76	Crossroads Mixed-Use Housing - RDA Law	N/A	N/A	Rialto Housing Authority	Replacement obligation		See Notes	0	0	0	0	0	0	0	0
78	E) ENFORCEABLE OBLIGATIONS - FUTURE RPTTF FUNDING			NONE	NONE		0	0	0	0	0	0	0	0	0
78	Arza A COS - Agreement	6/11/2007	On-Going	Lewis Hillwood Rialto LLC	Option Contract		See Notes	0	0	0	0	0	0	0	0
80	Employee Separation Benefits	N/A	N/A	City of Rialto	Cover long-term employee separation benefits		220,060	220,060	0	0	0	220,060	0	0	220,060
83	Rialto Channel #1	7/3/2005		City of Rialto	Improvement to flood control - appeal denied	See note #16	0	0	0	0	0	0	0	0	0
84	2004 HELP Loan	9/2/2004	9/5/2014	CHFA	Housing Loan		1,300,000	0	0	0	0	0	0	0	0
85	2005 HELP Loan	9/8/2005	9/5/2015	CHFA	Housing Loan		1,300,000	0	0	0	0	0	0	0	0
86	Regional Benefit Facilities/Industrial*	5/11/1993	On-Going	County of San Bernardino FC	Obligation to construct flood control	See note #17	10,049,388	0	0	0	0	0	0	0	0
87	Regional Benefit Facilities/Gateways*	5/6/1996	On-Going	County of San Bernardino FC	Obligation to construct flood control	See note #17	5,025,000	0	0	0	0	0	0	0	0
89	F) EXCESS BOND PROCEEDS - FUTURE FUNDING PER AB1484			NONE	NONE		0	0	0	0	0	0	0	0	0
90	Excess funds available for future projects, per AB1484	REMOVE		NONE	NONE		0	0	0	0	0	0	0	0	0
91	2005 Series A TAB's	REMOVE		Rialto Successor Agency	Remaining Balance - Bond Proceeds		0	0	0	0	0	0	0	0	0
92	2008 Series A TAB's	REMOVE		Rialto Successor Agency	Remaining Balance - Bonds Proceeds		0	0	0	0	0	0	0	0	0
93	2008 Series B TAB's	REMOVE		Rialto Housing Authority	Remaining Balance - Housing Bonds Proceeds		0	0	0	0	0	0	0	0	0
94	2008 Series C TAB's	REMOVE		Rialto Successor Agency	Remaining Balance - Bonds Proceeds		0	0	0	0	0	0	0	0	0
95	Future Potential Projects to be Paid by Excess Bond Proceeds. Additional projects may be added or deleted later.			NONE	NONE		0	0	0	0	0	0	0	0	0
96	Riverside/I-10 Interchange Phase II	N/A	N/A	NONE	Public Right-of-Way Improvement		0	0	0	0	0	0	0	0	0
97	WDII Property Street Improvements	N/A	N/A	NONE	Public Right-of-Way Improvement		0	0	0	0	0	0	0	0	0
98	Walnut Avenue Industrial Park	N/A	N/A	NONE	Public Right-of-Way Improvement		0	0	0	0	0	0	0	0	0
99	Ayala Industrial Park	N/A	N/A	NONE	Public Right-of-Way Improvement		0	0	0	0	0	0	0	0	0
100	Rialto to Trails	N/A	N/A	NONE	Public Right-of-Way Improvement		0	0	0	0	0	0	0	0	0
101	Fire Station 205	N/A	N/A	NONE	Fire station construction		0	0	0	0	0	0	0	0	0
102	Cactus Basin 4&5	N/A	N/A	NONE	Flood Control Improvement		0	0	0	0	0	0	0	0	0
103	Rialto Channel Airport	N/A	N/A	NONE	Flood Control Improvement		0	0	0	0	0	0	0	0	0
104	Airport Public Improvements	N/A	N/A	NONE	Public Right-of-Way Improvement		0	0	0	0	0	0	0	0	0
105	Rialto Channel to Cameron	N/A	N/A	NONE	Flood Control Improvement		0	0	0	0	0	0	0	0	0
106	G) PASS-THROUGH PAYMENTS MADE LAST PERIOD AND NOT LISTED ON PREVIOUS ROPS	REMOVE		NONE	NONE		0	0	0	0	0	0	0	0	0
107	PRIOR PERIOD PASS THRU PAYMENTS	REMOVE		NONE	NONE		0	0	0	0	0	0	0	0	0
108	Pass-through payment			Bloomington PRD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
109	Pass-through payment			Chaffey College	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
110	Pass-through payment			City of Rialto	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
111	Pass-through payment			County FCD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
112	Pass-through payment			County General Fund	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
113	Pass-through payment			County Library	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
114	Pass-through payment			Colton USD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
115	Pass-through payment			Fontana USD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
116	Pass-through payment			IEVA	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
117	Pass-through payment			EWRCDD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
118	Pass-through payment			MWD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
119	Pass-through payment			Rialto USD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
120	Pass-through payment			SB Comm Coll Dist	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
121	Pass-through payment			SB Super of Schools	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
122	Pass-through payment			SBVWWD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
123	Pass-through payment			West Valley WD	Pass-Through Payment Obligation - Prior to 2-1-12		0	0	0	0	0	0	0	0	0
124	ADDED ITEMS - ROPS 13-14A														
125	SA Asset Holding - Payments/Operation	N/A	N/A	Rialto Successor Agency	SA property maintenance, repairs, utilities. Paid from reserve under # 40 from previous ROPS 12-13B.	Merged Project	50,000	50,000	0	25,000	0	0	0	0	25,000

RIALTO (SAN BERNARDINO)
 Pursuant to Health and Safety Code section 94186 (e)
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)
 July 1, 2012 through December 31, 2012

Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LHM/F		Bond Proceeds		Reserve Balance		Admin Allowance		RP/TF		Other	
					Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
					50	50	538,174	510,263	51,345,000	51,345,000	519,168	519,768	26,425,430	16,586,024	5117,605	5117,605
Page 1																
1)	2005 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	Merged					512,500	512,500			1,103,258	1,103,289		
2)	2005 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	Merged					92,500	92,500			647,303	647,303		
3)	2005 Series B TAB's	Union Bank/Trustee	Housing Bonds	Merged									533,244	533,244		
4)	2005 Series C TAB's	Union Bank/Trustee	Public Improvement Bonds	Merged					207,500	207,500			654,195	654,195		
5)	2006 Series A TAB's	Union Bank/Trustee	Public Improvement Bonds	Merged					240,000	240,000			1,378,429	1,378,429		
6)	2006 Series B TAB's	Union Bank/Trustee	Housing Bonds	Merged					151,500	151,500			1,176,435	1,176,435		
7)	2006 Series C TAB's	Union Bank/Trustee	Public Improvement Bonds	Merged					140,000	140,000			324,500	324,500		
8)	2007 COP Reimbursement Agt	City of Rialto	Public Improvement Bonds	Merged												
9)	Walmart ODA	Hubs	Sales Tax Rebate Agreement	Merged									125,000	123,696		
10)	Enterprise OPA	Enterprise	Sales Tax Rebate Agreement	Merged									54,000	26,683		
11)	Pusan Pipe OPA	Pusan Pipe	Sales Tax Rebate Agreement	Merged												
12)	Riverside Euction, Retail	Serini/Nextel / Overland Pacific, etc	Relocation of Cell Towers	Merged												
13)	Support Services	Overnight Board	For legal and other needed advisors	Merged												
14)	Rialto Housing Authority/Keenan M	Affordable Housing Agreement Monitor		Merged												
15)	Legal Services *	Swafford, Vance, Carlson & Rapp	Legal services for on-going projects	Merged												
16)	Project Management*	Rialto Housing Authority	For on-going affordable housing projects	Merged												
17)	Project Management*	City of Rialto	For on-going projects	Merged												
18)	Lease of copy machine*	Korba Mobilia	Lease for copy machine	Merged												
19)	Property Maintenance*	Successor Agency	Repairs and maintenance of RDA properties	Merged												
20)	Weed Abatement*	Waco Weed Abatement	Weed abatement of RDA vacant lots	Merged												
21)	EPA Brownfield Grant	RDA Match Expense	Agency 20% match for EPA Grant	Merged												
22)	Ground Rent Upgrade	Woodsland Inc.	Contract Services - Planning	Merged									14,250	14,250		
23)	Sign Services	Wildan/Union Bank	Trustee Fees/Ad/Lease/Signage Services	Merged									10,975	0		
24)	Low Income Server Repair	Odyssey Foundation	Contract Services - Contractors	Merged												
Page 2																
19)	Prologis Properties	Prologis	Land Acquisition Loan	Merged												
20)				Merged												
21)	Brownfield Project	Compass	Consulting Services	Merged												
22)	EPA Brownfield Grant	U.S. EPA	2 Grants received for Brownfield	Merged											69,503	69,503
24)	Ground Sub-Lease - Enertech Site	Enertech	Lease Payments under Ground Lease	Merged											48,102	48,102
Page 3																
6)	Various Projects	Keyser Marston Assoc. Inc	Contract Services - Financial Feasibility Analysis	Merged			15,000	0								
7)	Various projects	Overland, Pacific & Outer Inc	Purchase and Relocation Services	Merged			36,469	0								
8)	Riverside-10 Interchange*	City of Rialto	Street improvement	Merged												
9)	Fire Station 202 Relocation	City of Rialto	New fire station	Merged			10,111	10,111								
10)	Township Alley Improvements	City of Rialto	Alley improvement	Merged												
11)	Rialto Ground Crossings	SB County Flood	Improvements to Road crossing	Merged												
12)	Capital Brien #2**	SB County Flood	Improvements to flood control	Merged												
13)	Ferguson Park	Robert Clapper Construction	City park improvement construction	Merged			43,617	43,617								
14)	Fairbank Park	RHA Lands. Arch Planner, Inc	City park improvement design	Merged												
15)	Papoor Avenue Extension *	City of Rialto/Spr/Bac	New street construction	Merged												
16)	521 N. Rialto Lease	D'Silviera Family Trust	Pay for lease of building per Metrolink project	Merged			20,325	20,700								
17)	Pajajaran Avenue Extension Project	AREL/ASC	Professional Engineering Services	Merged			16,045	27,933								
18)	Pajajaran Avenue and Riverside HOP	Reine North America	Contract Services - Environmental	Merged				0								
19)	Commonwealth Rehabilitation	William Associates	Contract Services - Project Management	Merged				17,388								
20)	Panabank-Linden & Baseline	Linden Baseline LLC	Infrastructure Reimbursement Agreement	Merged												
21)	Pajajaran-Baseline & Locust	Baseline Locust LLC	Infrastructure Reimbursement Agreement	Merged												
22)	Wal-Mart Supercenter DA	WalMart	Infrastructure Reimbursement Agreement	Merged												
23)	Metrolink Expansion Project	City of Rialto	Relocation Records to 429 W. Rialto	Merged												
24)				Merged												
25)				Merged												
26)	West Jackson Phase 1(R Units)*	SO CAL Housing Resources & Dev	Affordable Housing Project	Merged												
27)	West Jackson Phase 2 (S? units)*	SO CAL Housing Resources & Dev	Affordable Housing Project	Merged												
28)	TELACU II Senior Housing	TELACU Development Corp	Affordable Housing Project	Merged												
29)	TELACU III Senior Housing	TELACU Development Corp	Affordable Housing Project	Merged			1,76,000	0								
30)	Crossroads Mixed-Use Housing*	KDF Communities	Affordable Housing Project	Merged												
31)	Crossroads Mixed-Use Housing*	Rialto Housing Authority	Replacement obligation	Merged												
Page 4																
3)	Successor Agency Support Services	Rialto Successor Agency	Staff Cost	Merged								144,373	139,931			
2)	Successor Agency Support Services	Rialto Successor Agency	Administrative Cost	Merged								11,730	8,615			
3)	Successor Agency Support Services	Rialto Successor Agency	Legal Services	Merged								37,500	27,500			
4)	Successor Agency Support Services	Rialto Successor Agency	Consultant Services	Merged								5,160	0			
5)	Successor Agency Support Services	City of Rialto	Other City Support Services**	Merged									13,222			

RIALTO (SAN BERNARDINO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
1	A) ENFORCEABLE OBLIGATION - PAID THROUGH RPTTF	
2	Bond Payments	
3	2003 Series A TAB's - Bonds	
4	2005 Series A TAB's - Bonds	
5	2005 Series B TAB's - Bonds	
6	2005 Series C TAB's - Bonds	
7	2008 Series A TAB's - Bonds	
8	2008 Series B TAB's - Bonds	
9	2008 Series C TAB's - Bonds	
10	Bond Payments Reserves - To ensure sufficient funds to cover bond payments for next period.	
11	2003 Series A TAB's - Bond Reserve	
12	2005 Series A TAB's - Bond Reserve	
13	2005 Series B TAB's - Bond Reserve	
14	2005 Series C TAB's - Bond Reserve	
15	2008 Series A TAB's - Bond Reserve	
16	2008 Series B TAB's - Bond Reserve	
17	2008 Series C TAB's - Bond Reserve	
18	Debt Payment Obligations	
19	2007 COP Reimbursement Agreement*	Remove
20	2007 COP Reimbursement Agreement	Staff made in an error in ROP5 2012-13B by short changing the payment. Actual payment required is \$187,698.49; however, \$157,500 was listed on the ROPS. A payment of \$30,198 is listed on ROPS 13-14A to cover the difference.
21	Walmart - Agreement	Remove
22	Enterprise - Agreement	
23	Pusan Pipe - Agreement	
24	Other Payments	
25	Cell Tower Relocation - Agreement*	Remove
26	EPA Brownfield Grant - Agreement	Remove
27	Pass-through agreement	Listed below under Items # 135 and 136
29	B) ENFORCEABLE OBLIGATION - ADMINISTRATIVE COSTS	
30	Paid From Administrative Allowance Costs Fund	

RIALTO (SAN BERNARDINO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
31	SA Admin Costs - Payments/Operation	Costs includes using reserves from ROPS 12-13B of \$46,114 for Administrative Allowance.
32	SA Admin Costs - Payments/Operation	
33	SA Admin Costs - Payments/Operation	
34	SA Admin Costs - Payments/Operation	
35	SA Admin Costs - Payments/Operation	
36	SA Admin Costs - Payments/Operation	If unspent funds remain from Administrative Cost Allowance, the remaining funds will cover any negative balances of administrative costs as listed in ROPS under Item #37 and in the OB approved Administrative Budget.
37	SA Admin Costs - Payments/Operation	Paid from lease, interest and other revenue to cover additional administrative support services for the Successor Agency not paid from Administrative Cost Allowance.
38	Bond Servicing - Payment/Operation*	Remove
39	Bond Servicing - Payment/Operation	Paid from lease, interest and other revenue.
40	SA Asset Holding - Payments/Operation*	Remove
41	Monitor Housing Agreement - Payments*	Remove
42	Legal Service Reserve - Payments/Operation	Remove
43	Asset Dissolution - Payments/Operation	Remove
44	Audit Services - Payments/Operation	Remove
45	Audit Services - Payments/Operation	Remove
46	Project Management Costs - to cover direct project construction or planning activity, as per Section 34171(b)	
47	Project Management*	Remove
48	Project Management	
49	Project Management*	Remove
50	Project Management	This is related for project management costs for on-going and future projects (including bond-funded), as listed in the ROPS. Source of funds is from lease, interest and other revenues. This only relates to non-housing projects.
51	C) ENFORCEABLE OBLIGATIONS - PAID BY OTHER SOURCES	
52	Prologs Properties - Agreement	Remove.
53	Brownfield Project - Agreement	Part of Brownfield grant from HUD. Source of funds for services is from grant.
54	EPA Brownfield Grant - Agreement	Remove.
55	Ground Sub-Lease - Agreement	Other source of funds is lease payments received from Entertec and paid to Rialto Utility Authority.

RIALTO (SAN BERNARDINO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
58	D) ENFORCEABLE OBLIGATIONS - PAID BY BONDS	
59	Various projects - Payments	Remove
60	Various projects - Payments	Remove.
61	Riverside/I-10 Interchange* - Agreement	DOF denied this item on the ROPS 12-13B. Successor Agency objects to this denial and reserves all rights. This enforceable obligation will be include on each future ROPS until it is approved by DOF and paid in full.
62	Rialto Channel Crossings - Agreement	
63	Cactus Basin #3* - Agreement	DOF denied this item on the ROPS 12-13B. Successor Agency objects to this denial and reserves all rights. This enforceable obligation will be include on each future ROPS until it is approved by DOF and paid in full.
64	Pepper Avenue Extension * - Agreement	DOF denied this item on the ROPS 12-13B. Successor Agency objects to this denial and reserves all rights. This enforceable obligation will be include on each future ROPS until it is approved by DOF and paid in full.
65	521 N. Rialto Lease Agreement	
66	Pepper Avenue Extension Project - Contract	
67	Pepper Avenue and Citywide HCP - Contract	
68	Panattoni-Linden & Baseline - Agreement	
69	Panattoni-Baseline & Locust - Agreement	
70	Wal-Mart Supercenter Agreement	
71	Metrolink Expansion Project - Agreement	
72	West Jackson (8 Units)* - Agreement	DOF denied this item on the ROPS 12-13B. Successor Agency objects to this denial and reserves all rights. This enforceable obligation will be include on each future ROPS until it is approved by DOF and paid in full.
73	West Jackson (32 units)* - Agreement	DOF denied this item on the ROPS 12-13B. Successor Agency objects to this denial and reserves all rights. This enforceable obligation will be include on each future ROPS until it is approved by DOF and paid in full.
74	TELACU III - Senior Housing - Agreement	Remove
75	Crossroads Mixed-Use Housing* - Agreement.	DOF denied this item on the ROPS 12-13B. Successor Agency objects to this denial and reserves all rights. This enforceable obligation will be include on each future ROPS until it is approved by DOF and paid in full.
76	Crossroads Mixed-Use Housing - RDA Law	Replacement obligation required if Crossroads project is not developed.
78	E) ENFORCEABLE OBLIGATIONS - FUTURE RPTTF FUNDING	

RIALTO (SAN BERNARDINO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
79	Area A COS - Agreement	This obligation is related to the Rialto Airport. The City's conveyance of the Rialto Airport to the Successor Agency was rescinded, effective January 26, 2012, due to failure of consideration for the conveyance. This item will be removed from the ROPS upon receipt by the City and Successor Agency of an acknowledgement from DOF or the State Controller that the rescission of this conveyance is accepted by the State of California and that title to the Rialto Airport is vested with the City of Rialto
80	Employee Separation Benefits	This covers separation costs of former redevelopment agency employees, as an enforceable obligation pursuant to HSC 34171(d)(1)(C). Costs include workers compensation and leave accrue liability now covered by City of Rialto. Successor Agency reserves the right to include on future ROPS additional employee separation costs, if incurred.
83	Highland Channel *	DOF denied in 2012-13B ROPS. Successor Agency reserves the right to appeal and place on future ROPS as an enforceable obligation either as part or not as part of the Finding of Completion.
84	2004 HELP Loan	DOF reviewed and rejected the Successor Agency's obligation to repay the HELP Loans as part of DOF's review of the Housing Due Diligence Review. The Successor Agency made the required payment as shown on the Housing Due Diligence Review, as revised by DOF. DOF has not rejected the HELP Loans as enforceable obligations on any ROPS. The HELP Loans will need to be paid from RPTTF. Payments on the HELP Loans will be due in 2013 and 2014. This item will remain on the ROPS until the HELP Loans are approved by DOF and paid in full
85	2005 HELP Loan	DOF reviewed and rejected the Successor Agency's obligation to repay the HELP Loans as part of DOF's review of the Housing Due Diligence Review. The Successor Agency made the required payment as shown on the Housing Due Diligence Review, as revised by DOF. DOF has not rejected the HELP Loans as enforceable obligations on any ROPS. The HELP Loans will need to be paid from RPTTF. Payments on the HELP Loans will be due in 2013 and 2014. This item will remain on the ROPS until the HELP Loans are approved by DOF and paid in full
86	Regional Benefit Facilities/Industrial*	
87	Regional Benefit Facilities/Gateway*	
89	F) EXCESS BOND PROCEEDS - FUTURE FUNDING, PER AB1484	
90	Excess funds available for future projects, per AB1484	Remove
91	2005 Series A TAB's	Remove
92	2008 Series A TAB's	Remove
93	2008 Series B TAB's	Remove
94	2008 Series C TAB's	Remove
95	Future Potential Projects to be Paid by Excess Bond Proceeds. Additional projects may be added or deleted later.	
96	Riverside/I-10 Interchange Phase II	
97	WDJL Property Street Improvements	
98	Walnut Avenue Industrial Park	
99	Ayala Industrial Park	
100	Rails to Trails	

RIALTO (SAN BERNARDINO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
101	Fire Station 205	
102	Cactus Basin 4&5	
103	Rialto Channel Airport	
104	Airport Public Improvements	
105	Rialto Channel to Cameron	
106	G) PASS-THROUGH PAYMENTS MADE LAST PERIOD AND NOT LISTED ON PREVIOUS ROPS	Remove
107	PRIOR PERIOD PASS THRU PAYMENTS	Remove
108	Pass-through payment	Remove
109	Pass-through payment	Remove
110	Pass-through payment	Remove
111	Pass-through payment	Remove
112	Pass-through payment	Remove
113	Pass-through payment	Remove
114	Pass-through payment	Remove
115	Pass-through payment	Remove
116	Pass-through payment	Remove
117	Pass-through payment	Remove
118	Pass-through payment	Remove
119	Pass-through payment	Remove
120	Pass-through payment	Remove
121	Pass-through payment	Remove
122	Pass-through payment	Remove
123	Pass-through payment	Remove
124		
125	SA Asset Holding - Payments/Operation	Pay from reserves approved in ROPS 12-13B.
126	Legal Service - Payments/Operation	Pay from reserves approved in ROPS 12-13B.
127	Asset Dissolution - Payments/Operation	Pay from reserves approved in ROPS 12-13B.
128	Audit Services - Payments/Operation	Pay from reserves approved in ROPS 12-13B.
129	BLANK	
130	Riverside/I-10 Interchange - Agreement	Denied in previous ROPS. SA considers this project to be an enforceable obligation, per AB1X26. SA anticipates that a Finding of Completion per 34191.4(c) issued by July 1, 2013.
131	Pepper Avenue Extension - Agreement	Denied in previous ROPS. SA considers this project to be an enforceable obligation, per AB1X26. SA anticipates that a Finding of Completion per 34191.4(c) issued by July 1, 2013.

RIALTO (SAN BERNARDINO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
132	West Jackson (8 Units) - Agreement	Denied in previous ROPS. SA considers this project to be an enforceable obligation, per AB1X26. SA anticipates that a Finding of Completion per 34191.4(c) issued by July 1, 2013.
133	West Jackson (32 units) - Agreement	Denied in previous ROPS. SA considers this project to be an enforceable obligation, per AB1X26. SA anticipates that a Finding of Completion per 34191.4(c) issued by July 1, 2013.
134	Crossroads Mixed-Use Housing - Agreement	Denied in previous ROPS. SA considers this project to be an enforceable obligation, per AB1X26. SA anticipates that a Finding of Completion per 34191.4(c) issued by July 1, 2013.
135	Pass-through Agreement Supplement	Denied in previous ROPS. SA is awaiting determination from County Auditor/Controller if this supplemental pass-through agreement can be paid from standard pass-through payment from Auditor/Controller or from ROPS. Item was added if determination is determined that it should be paid from ROPS.
136	Pass-through Agreement Supplement - Denied	As noted above, awaiting determination from County Auditor/Controller on payment source. If it is determined that this payment should be paid from ROPS, then the purpose of this line item is to also obtain funds to cover payment for FY13 as listed in ROPS 12-13B.
137	Deposit Agreement	Related to an agreement where applicant was required to make a monetary deposit. The item is to refund the applicant the deposit.
138	Deposit Agreement	Related to an agreement where applicant was required to make a monetary deposit. The item is to refund the applicant the deposit.
139	Deposit Agreement	Related to an agreement where applicant was required to make a monetary deposit. The item is to refund the applicant the deposit.
140	Deposit Agreement	Related to an agreement where applicant was required to make a monetary deposit. The item is to refund the applicant the deposit.
141		
***	CORRECTION TO PROJECT AREA COLUMN	PLEASE CORRECT THIS COLUMN UNDER THE ROPS TAB BY ELIMINATING THE NOTE COMMENTS AND ADDING MERGED AREA.

Recognized Obligation Payment Schedule (ROPS 13-14B) - Summary

Filed for the January 1, 2014 through June 30, 2014 Period

Name of Successor Agency: Rialto
 Name of County: San Bernardino

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
A Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):	\$ 17,609,279
B Bond Proceeds Funding (ROPS Detail)	10,012,000
C Reserve Balance Funding (ROPS Detail)	7,436,328
D Other Funding (ROPS Detail)	160,951
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 9,458,697
F Non-Administrative Costs (ROPS Detail)	9,183,201
G Administrative Costs (ROPS Detail)	275,496
H Current Period Enforceable Obligations (A+E):	\$ 27,067,976

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	9,458,697
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column U)	(11,886)
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 9,446,811

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	9,458,697
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AB)	
N Adjusted Current Period RPTTF Requested Funding (L-M)	9,458,697

Certification of Oversight Board Chairman:
 Pursuant to Section 34177(m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Deborah Robertson _____ Chair
 Name _____ Title
 /s/ *Deborah Robertson* _____ 9/26/13
 Signature _____ Date

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.											
A	B	C	D	E	F	G	H	I	J	K	
Fund Balance Information by ROPS Period		Fund Sources							Total	Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF				
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPTTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin			
ROPS III Actuals (01/01/13 - 6/30/13)											
1	Beginning Available Fund Balance (Actual 01/01/13) Note that for the RPTTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)	22,193,040		903,864	-	14,538	62,950	-	\$ 23,174,392	Amount on C, 8 includes adjustments to include actual expenditures for Pepper Avenue and I-10 project prior to 1-1-2013. The amounts were previously denied, but later approved in ROPS 13-14A. Housing bond balance excluded in amount.	
2	Revenue/Income (Actual 06/30/13) Note that the RPTTF amounts should tie to the ROPS III distributions from the County Auditor-Controller	525,303				310,737	8,099,769	246,114	\$ 9,181,923	RPTTF revenues received in January in prior ROPS period. Does not include RPTTF received in June of prior ROPS period.	
3	Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13) Note that for the RPTTF, 3 + 4 should tie to columns N and S in the Report of PPAs	3,323,143		448,123		48,102	5,366,063	200,000	\$ 9,385,431		
4	Retention of Available Fund Balance (Actual 06/30/13) Note that the Non-Admin RPTTF amount should only include the retention of reserves for debt service approved in ROPS III	-		421,278		-	2,784,770	46,114	\$ 3,252,162	\$46,114 retention in line I, 4 to carry-over to ROPS 14-14A.	
5	ROPS III RPTTF Prior Period Adjustment Note that the net Non-Admin and Admin RPTTF amounts should tie to columns O and T in the Report of PPAs.	No entry required						11,886	-	\$ 11,886	
6	Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)	\$ 19,395,200	\$ -	\$ 34,463	\$ -	\$ 277,173	\$ 11,886	\$ -	\$ 19,706,836		
ROPS 13-14A Estimate (07/01/13 - 12/31/13)											
7	Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)	\$ 19,395,200	\$ -	\$ 455,741	\$ 2,784,770	\$ 277,173	\$ 23,772	\$ -	\$ 22,970,884	Shows \$23,772 on Line H, 12. Balance should be \$11,886.	
8	Revenue/Income (Estimate 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller					141,462	5,407,880	165,585	\$ 5,714,927	RPTTF revenue received in June of prior ROPS period.	
9	Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)			192,646	2,784,770	140,000	5,407,880	211,699	\$ 8,736,995	Line C, 17 left blank due to cost adjustments for I-10 and Pepper projects prior to ROPS III. Difficult to estimate expenses in ROPS 13-14A until analysis complete.	
10	Retention of Available Fund Balance (Estimate 12/31/13) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A			228,632				(46,114)	\$ 182,518	\$46,114 retention carry-over from ROPS III (line H, 11)	
11	Ending Estimated Available Fund Balance (7 + 8 - 9 - 10)	\$ 19,395,200	\$ -	\$ 34,463	\$ -	\$ 278,635	\$ 23,772	\$ -	\$ 19,766,298	Correct balance on line H, 19 is \$11,886.	

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P
										Funding Source					
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
3	2003 Series A TAB's - Bonds	Bonds Issued On or Before 12/31/10	4/30/2003	9/1/2027	Union Bank/Trustee	Public Improvement Bonds	Merged Project	\$ 322,605,660	N	\$ 10,012,000	\$ 7,436,328	\$ 160,951	\$ 9,183,201	\$ 275,486	\$ 27,067,976
4	2005 Series A TAB's - Bonds	Bonds Issued On or Before 12/31/10	6/25/2005	9/1/2035	Union Bank/Trustee	Public Improvement Bonds	Merged Project	\$ 31,088,125.02	N				543,650.00		\$ 543,650
5	2005 Series B TAB's - Bonds	Bonds Issued On or Before 12/31/10	6/25/2005	9/1/2032	Union Bank/Trustee	Housing Bonds	Merged Project	\$ 42,158,517.74	N				546,755.00		\$ 546,755
6	2005 Series C TAB's - Bonds	Bonds Issued On or Before 12/31/10	6/25/2005	9/1/2035	Union Bank/Trustee	Public Improvement Bonds	Merged Project	\$ 14,808,242.50	N				234,903.75		\$ 234,904
7	2008 Series A TAB's - Bonds	Bonds Issued On or Before 12/31/10	4/29/2008	9/1/2037	Union Bank/Trustee	Public Improvement Bonds	Merged Project	\$ 26,571,357.50	N				431,145.00		\$ 431,145
8	2008 Series B TAB's - Bonds	Bonds Issued On or Before 12/31/10	4/29/2008	9/1/2037	Union Bank/Trustee	Housing Bonds	Merged Project	\$ 79,970,137.52	N				1,117,983.75		\$ 1,117,984
9	2008 Series C TAB's - Bonds	Bonds Issued On or Before 12/31/10	4/29/2008	9/1/2037	Union Bank/Trustee	Public Improvement Bonds	Merged Project	\$ 60,439,500.00	N				1,000,125.00		\$ 1,000,125
11	2003 Series A TAB's - Bond Reserve	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Public Improvement Bonds - Reserve for next Period	Merged Project	\$ 44,435,875.00	N				762,562.50		\$ 762,563
12	2005 Series A TAB's - Bond Reserve	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Public Improvement Bonds - Reserve for next Period	Merged Project		N				580,528		\$ 580,528
13	2005 Series B TAB's - Bond Reserve	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Housing Bonds - Reserve for next Period	Merged Project		N				260,314		\$ 260,314
14	2005 Series C TAB's - Bond Reserve	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Public Improvement Bonds - Reserve for next Period	Merged Project		N				190,716		\$ 190,716
15	2008 Series A TAB's - Bond Reserve	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Public Improvement Bonds - Reserve for next Period	Merged Project		N				310,151		\$ 310,151
16	2008 Series B TAB's - Bond Reserve	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Housing Bonds - Reserve for next Period	Merged Project		N				576,787		\$ 576,787
17	2008 Series C TAB's - Bond Reserve	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Public Improvement Bonds - Reserve for next Period	Merged Project		N				474,294		\$ 474,294
20	2007 COP Reimbursement Agreement	Third-Party Loans	12/4/2007	1/20/2022	City of Rialto	Public Improvement Agreement - Current Period Payment	Merged Project	1,681,576.00	N				380,647		\$ 380,647
22	Enterprise - Agreement	Business Incentive Agreements	5/21/1996	12/31/2016	Enterprise	Sales Tax Rebate Agreement	Merged Project	592,892	N				185,982		\$ 185,982
23	Pusan Pipe - Agreement	Business Incentive Agreements	8/11/2009	8/11/2019	Pusan Pipe	Sales Tax Rebate Agreement	Merged Project	94,632	N		15,000		54,000		\$ 54,000
31	SA Admin Costs - Payments/Operation	Admin Costs	1/1/2014	6/30/2014	Rialto Successor Agency	Staff Cost	Merged Project		N					135,000	\$ 135,000
32	SA Admin Costs - Payments/Operation	Admin Costs	1/1/2014	6/30/2014	Rialto Successor Agency	Other services/administrative cost	Merged Project		N					13,237	\$ 13,237
33	SA Admin Costs - Payments/Operation	Admin Costs	1/1/2014	6/30/2014	Rialto Successor Agency	Legal Services	Merged Project		N					37,500	\$ 37,500
34	SA Admin Costs - Payments/Operation	Admin Costs	1/1/2014	6/30/2014	Rialto Successor Agency	Consultant services	Merged Project		N					9,263	\$ 9,263
35	SA Admin Costs - Payments/Operation	Reserves	1/1/2014	6/30/2014	Rialto Successor Agency	Reserve to cover ROPS 14-15A Admin Costs	Merged Project		N					80,496	\$ 80,496
37	SA Admin Costs - Payments/Operation	Admin Costs	1/1/2014	6/30/2014	City of Rialto	City finance and admin support services	Merged Project		N						\$ 44,433
39	Bond Servicing - Payment/Operation	Fees	1/1/2014	6/30/2014	Willdan/Union Bank	Trustee Fees/Arbitrage Rebate Services	Merged Project		N			44,433			\$ 44,433
50	Project Management	Project Management Costs	1/1/2014	6/30/2014	Successor Agency	Employee cost manage housing project for next period	Merged Project		N			20,000			\$ 20,000
53	Brownfield Project - Agreement	Improvement/Infrastructure	11/8/2011	6/30/2014	Converse	Consulting services	Merged Project		N				65,567		\$ 65,567
62	Rialto Channel Crossings - Agreement	Improvement/Infrastructure	6/27/2005	6/30/2014	SB County Flood	Improvement to flood control - litigation	Merged Project	1,800,000	N	1,800,000					\$ 1,800,000

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					L		M		N	O	P
										Funding Source					Total Outstanding Debt or Obligation	Retired	Six-Month Total				
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF								
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin							
63	Cactus Basin #3* - Agreement	Improvement/Infrastructure	1/1/2014	6/30/2014	SB County Flood	Improvement to flood control - litigation	Merged Project	2,200,000	N	2,200,000									\$	2,200,000	
65	521 N. Rialto Lease Agreement	Improvement/Infrastructure	6/1/2010	5/31/2015	DiGiovanni Family Trust	Part of Metrolink Expansion Project	Merged Project	67,950	N	21,150									\$	21,150	
70	Wal-Mart Supercenter Agreement	Improvement/Infrastructure	7/15/2008	6/30/2014	Wal-Mart	Infrastructure Reimbursement Agreement	Merged Project	1,042,000	N	1,042,000									\$	1,042,000	
71	Metrolink Expansion Project - Agreement	Improvement/Infrastructure	6/9/2009	6/30/2014	City of Rialto	Demolition of exist structure to expand Metrolink parking lot.	Merged Project	248,850	N	248,850									\$	248,850	
84	2004 HELP Loan	Third-Party Loans	9/3/2004	9/3/2014	CHFA	Housing Loan	Merged Project	1,300,000	N										\$	1,300,000	
125	ISA Asset Holding - Payments/Operation	Property Maintenance	1/1/2014	6/30/2014	Rialto Successor Agency	SA property maintenance, repairs, utilities. Paid from reserve under # 40 from previous ROPS 12-13B.	Merged Project	-	N		25,000								\$	25,000	
126	Legal Service - Payments/Operation	Legal	1/1/2014	6/30/2014	Stradling Yocca Carlson	Cover any legal costs for dissolution activity or litigation expenses. Paid from reserve under # 42 from previous ROPS 12-13B.	Merged Project	-	N		50,000								\$	50,000	
127	Asset Dissolution - Payments/Operation	Property Dispositions	1/1/2014	6/30/2014	Keyser Marston Associates/Other Vendors	Cover costs to prepare plan and sale assets. Paid from reserve under # 43 from previous ROPS 12-13B.	Merged Project	-	N		50,000								\$	50,000	
128	Audit Services - Payments/Operation	Professional Services	1/1/2014	6/30/2014	White Nelson Diehl Evans LL	Audit Services. Paid from reserve under # 45 from previous ROPS 12-13B.	Merged Project	-	N		25,000								\$	25,000	
142	Staff Costs - housing successor	Admin Costs	1/1/2014	6/30/2014	Rialto Housing Authority	Monitor existing agreements/New Project	Merged Project	-	N		38,000								\$	36,000	
143	Legal Services - housing successor	Legal	1/1/2014	6/30/2014	SYCR	Existing agreement/New Projects	Merged Project	-	N		40,000								\$	40,000	
144	Contract Services - housing successor	Professional Services	1/1/2014	6/30/2014	Keyser Marston	Existing agreement/New Projects	Merged Project	-	N		20,000								\$	20,000	
145	H) NEW PAYMENTS - ROPS 13-14B	Miscellaneous	1/1/2014	6/30/2014	None	None	Merged Project	-	N										\$	-	
146	San Bernardino Ave. Alignment	Improvement/Infrastructure	1/1/2014	6/30/2014	City of Rialto	Road improvements to San Bernardino Avenue between Riverside Avenue and Willow Avenue.	Merged Project	3,000,000	N	3,000,000									\$	3,000,000	
147	Cedar Ave. Alignment	Improvement/Infrastructure	1/1/2014	6/30/2014	City of Rialto	Road improvements to Cedar Avenue between Baseline Avenue and 210 Freeway.	Merged Project	700,000	N	700,000									\$	700,000	
148	Trickleside Alley	Improvement/Infrastructure	1/1/2014	6/30/2014	City of Rialto	Improvements to an existing alley in Downtown West of Riverside Avenue and between Rialto Avenue and First Avenue.	Merged Project	1,000,000	N	1,000,000									\$	1,000,000	
149	Affordable Housing Project	OPA/DDA/Construction	1/1/2014	6/30/2014	Rialto Housing Authority	Unknown affordable housing project for acquisition and development with existing housing bond funds.	Merged Project	7,175,328	N		7,175,328								\$	7,175,328	
150	Rialto Unified School District Demand	Miscellaneous	1/1/2014	6/30/2014	Rialto Unified School District	Adjustments made to FY 2008/09 and FY 2009/10 pass-through payments in Industrial Project Area, per court ruling requiring Post-ERAF calculation.	Merged Project	119,213	N										\$	119,213	
151	Chaffey College Demand	Miscellaneous	1/1/2014	6/30/2014	Chaffey Community College District	Adjustments made to FY 2008/09 and FY 2009/10 pass-through payments in Industrial and Added Project Areas, per court ruling requiring Post-ERAF calculation.	Merged Project	5,808	N										\$	5,808	
152	San Bernardino College Demand	Miscellaneous	1/1/2014	6/30/2014	San Bernardino Community College District	Adjustments made to FY 2008/09 and FY 2009/10 pass-through payments in Industrial, Added and Gateway Project Areas, per court ruling requiring Post-ERAF calculation.	Merged Project	87,881	N										\$	87,881	

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P
										Funding Source					
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
153	San Bernardino County Superintendent Demand	Miscellaneous	1/1/2014	6/30/2014	San Bernardino County Superintendent of Schools	Adjustments made to FY 2009/09 and FY 2009/10 pass-through payments in Industrial, Added and Gateway Project Areas, per court ruling requiring Post-ERAF calculation.	Merged Project	17,775	N				17,775		\$ 17,775
154	Structure Demolition at Successor Agency Parcels	Property Maintenance	1/1/2014	6/30/2014	Rialto Successor Agency	Demolish existing dilapidated structure on Successor Agency property at 2530 S. Lilac Ave. and 1394 Laurel Ave.	Merged Project	-	N			20,000			\$ 20,000

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.											
A	B	C	D	E	F	G	H	I	J	K	
Fund Balance Information by ROPS Period		Fund Sources								Total	Comments
		Bond Proceeds		Reserve Balance		Other	RPTTF				
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPTTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin			
ROPS III Actuals (01/01/13 - 6/30/13)											
1	Beginning Available Fund Balance (Actual 01/01/13) Note that for the RPTTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)	22,193,040		903,864	-	14,538	62,950	-	\$ 23,174,392	Amount on C, 8 includes adjustments to include actual expenditures for Pepper Avenue and I-10 project prior to 1-1-2013. The amounts were previously denied, but later approved in ROPS 13-14A. Housing bond balance excluded in amount.	
2	Revenue/Income (Actual 06/30/13) Note that the RPTTF amounts should tie to the ROPS III distributions from the County Auditor-Controller	525,303				310,737	8,099,769	246,114	\$ 9,181,923	RPTTF revenues received in January in prior ROPS period. Does not include RPTTF received in June of prior ROPS period.	
3	Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13) Note that for the RPTTF, 3 + 4 should tie to columns N and S in the Report of PPAs	3,323,143		448,123		48,102	5,366,063	200,000	\$ 9,385,431		
4	Retention of Available Fund Balance (Actual 06/30/13) Note that the Non-Admin RPTTF amount should only include the retention of reserves for debt service approved in ROPS III			421,278			2,784,770	46,114	\$ 3,252,162	\$46,114 retention in line I, 4 to carry-over to ROPS 14-14A.	
5	ROPS III RPTTF Prior Period Adjustment Note that the net Non-Admin and Admin RPTTF amounts should tie to columns O and T in the Report of PPAs.			No entry required				11,886	\$ 11,886		
6	Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)	\$ 19,395,200	\$ -	\$ 34,463	\$ -	\$ 277,173	\$ 11,886	\$ -	\$ 19,706,836		
ROPS 13-14A Estimate (07/01/13 - 12/31/13)											
7	Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)	\$ 19,395,200	\$ -	\$ 455,741	\$ 2,784,770	\$ 277,173	\$ 23,772	\$ -	\$ 22,970,884	Shows \$23,772 on Line H, 12. Balance should be \$11,886.	
8	Revenue/Income (Estimate 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller					141,462	5,407,880	165,585	\$ 5,714,927	RPTTF revenue received in June of prior ROPS period.	
9	Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)			192,646	2,784,770	140,000	5,407,880	211,699	\$ 8,736,995	Line C, 17 left blank due to cost adjustments for I-10 and Pepper projects prior to ROPS III. Difficult to estimate expenses in ROPS 13-14A until analysis complete.	
10	Retention of Available Fund Balance (Estimate 12/31/13) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A			228,632				(46,114)	\$ 182,518	\$46,114 retention carry-over from ROPS III (line H, 11)	
11	Ending Estimated Available Fund Balance (7 + 8 - 9 - 10)	\$ 19,395,200	\$ -	\$ 34,463	\$ -	\$ 278,635	\$ 23,772	\$ -	\$ 19,766,298	Correct balance on line H, 19 is \$11,886.	

Recognized Obligation Payment Schedule 13-14B - Notes

January 1, 2014 through June 30, 2014

Item #	Notes/Comments
ROPS DETAIL SHEET	
23	Reserve from carry-over of \$39,896 from ROPS III per DOF approval in ROPS 13-14A.
37, 39, 50	Other Funds source is from rents and loan receivables.
41	Any remaining funds to support other administrative activity, as specified in Administrative Budget approved by OB.
53	Other Funds source is from USEPA Grant.
62	Approved in ROPS 13-14A. Carry-over to ROPS 13-14B due to on-going litigation.
63	Previously denied in ROPS III. Included to ROPS 13-14b due to on-going litigation.
70	Wal-Mart agreement was included in ROPS 13-14A, fund source is bonds. The project has not commenced and is re-submitted in ROPS 13-14B.
71	Metrolink project was included in ROPS 13-14A, fund source is bonds. The project has not commenced and is re-submitted in ROPS 13-14B.
84	Reserve of \$1.3 Million established for payment due in September 2014.
125-128	Reserve source from Other Funds DDR in ROPS III to cover possible costs for future obligations for dissolution activities.
142-144	Reserve source is from Low Mod Housing Funds, which were transferred to housing successor per LMH DDR and Housing Asset Transfer Form. Placed in Reserve column per DOF Instructions
146-148	New projects utilizing bond funds known as 2005 Series A, compliance with HSC 34191.4(c).
149	In ROPS 13-14A, \$7,175,328 of housing bond funds was approved for the Crossroads Mixed Use Project (#134). The agreement with the developer expired. The housing successor agency, Rialto Housing Authority, requested that this amount be on ROPS 13-14B to be used either for agreement extension for the Crossroads project or for new project with a different developer. If approved, the funds will be used for either construction costs or acquisition. The fund source is from housing bonds. The amount was listed under Reserve column per ROPS Instructions, page 3.
150-153	Items added due to demands received to adjust prior pass-through payments. The request is due to Los Angeles Unified School District vs. Los Angeles County ruling on requiring calculations based on post-ERAF.
154	Item relates to demolition of dilapidated structures at two separate Successor Agency parcels. The estimate total amount is \$20,000. Other Fund source is from rents and loan receivables.
PRIOR PERIOD ADJUSTMENTS SHEET	
20	\$96,382 previously requested in ROPS III. DOF approved \$30,199 in DDR process. The remaining balance was conveyed through DDR process.
35	In ROPS III, \$46,114 carried over as reserve to cover Administrative Allowance in ROPS 13-14A.
36	Any unspent funds carried over to cover overhead costs incurred by City, per ROPS III.
40, 42, 43, 45	Set-aside in reserve for future payments related to dissolution activity, per DOF approved ROPS III.

APPENDIX J

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal amount
of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. This Policy is being issued under and pursuant to, and shall be construed under and governed by, the laws of the State of New York, without regard to conflict of law provisions. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By _____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-235-5214 (attention: Claims)

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